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Chunghwa Telecom

Annual Report 2020

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1 Letter to Shareholders

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Letter to Shareholders

Dear Shareholders,

2020 was a challenging year, both for us and for the rest of the world. Despite facing challenges caused by the COVID-19 pandemic, we continued to advance our "customer-centric" transformation strategy, take advantage of market opportunities, develop new telecommunication technologies and applications, and expand our businesses by flexibly allocating our resources in response to environmental changes. Through the efforts of all our employees, we were able to reach a milestone in 2020 by exceeding our profit forecasts and achieving year over year earnings growth.

In terms of the Company's overall development, we launched our two-pillar "5G + Transformation" strategy, strengthened our business efficiency, and continued to develop and expand business opportunities for the Company. In early 2020, we secured the widest and relatively better frequency allocation for 5G development through auctions. This included 3.42-3.51GHz and 90 MHz of bandwidth in the 3.5GHz band, as well as 27.9-28.5GHz and 600MHz of bandwidth in the 28GHz band. The widest and relatively better bandwidths provide us with crucial resources and significant advantages to drive our growth over the next two decades. We launched 5G services on June 30, 2020, taking a lead in the industry. In addition, we maintained progress in building 5G base stations, covering all the key business districts and transportation hubs, and achieved our goals to consolidate our leading positions in both mobile network speed and mobile coverage. The launch of 5G iPhone 12 in the fourth quarter 2020 successfully drove up the number of 5G sign-ups and allowed us to hit our annual target of 300,000 users well ahead of schedule, cementing our leadership in the mobile market. In the face of ongoing market competition, we strive to improve the performance of our mobile business by maintaining the quality of our mobile network and the design of effective tariffs. In 2020, we successfully maintained a positive growth trend in the number of mobile users for four consecutive quarters, laying the foundation for future mobile service revenues and the upward reversal of mobile ARPU. As of the end of 2020, the total number of mobile subscribers exceeded 11.3 million, and our market shares of both revenues and mobile subscribers continued to increase, allowing us to maintain our leading market position.

The COVID-19 pandemic has accelerated the pace of digitization, not only boosting growth in broadband demand, but also creating digital business opportunities. In 2020, work-from-home policies, online education, and pandemic prevention measures allowed both residential and enterprise customers to welcome our fixed network broadband speed upgrade solutions. As a result, the number of customers signing up for connection speeds of 300Mbps or higher grew by 69% year-over-year, driving ARPU to grow by 2.4% year-over-year. The growth of the broadband business has also driven various home-centric digital services. In 2020, to establish a seamless broadband connected environment via mobile broadband, fixed broadband and Wi-Fi, we allowed users to enjoy smart applications and audio-visual services anytime and anywhere. We also promoted our home Mesh Wi-Fi services, which drove a 226% year-over-year increase in smart device installations. In terms of applications, our MOD platform continued to attract subscribers by 4K high definition content, including the exclusive Netflix 4K service. Together with the 88.6% of free-to-choose channel package users selected the highest fee plans and resulted in upsell, MOD enjoyed a slight growth in revenue.

In 2020, with the launch of 5G service in the second quarter and growing demand in AI-related applications, we leveraged our advantages with the 5G frequency allocation and cooperated with enterprise customers on 5G- and ICT-related businesses to drive sustainable revenue growth in ICT services. In addition, we delivered strong performance in various ICT service businesses, such as smart transportation, smart manufacturing, smart city, IDC, cloud services, technological pandemic prevention, and IoT services, achieving double-digit, year-over-year revenue growth in ICT services. We successfully established the first 5G mmWave enterprise private commercial network and created a 5G smart factory solution for the semiconductor industry. In terms of ICT projects, we completed large-scale bidding projects, including Taipower's Chang-bin Solar PV Project and the Suhua Highway Improvement Project, and implemented IoT applications such as smart electricity meters for Taipower. In 2020, revenue generated from enterprise customers accounted for 40% of our total revenue. In the future, we will continue to focus on developing vertical-based business and various applications that utilize 5G+AIoT. As we continue to strive for one-off bidding projects, we will also strengthen our subscription-based business model to improve sustainable revenue growth.

To accelerate our transformation and embrace greater business opportunities, we continued our investments in network

Shui-Yi Kuo
President

Chi-Mau Sheih
Chairman and Chief Executive Officer

construction and technology advancement. As previously mentioned, as a result of our proper use of the correct strategies in 2020, we succeeded in securing the widest 5G bandwidth and relatively better 5G frequency. By the end of 2020, we built over 4,500 5G base stations, and actively leveraged 5G C-RAN technology to consolidate switch offices to fully integrate fixed and mobile network resources and improve efficiency. In addition, in response to increased outbound communication demands driven by the booming development of OTT, we continued to invest in submarine cable construction. We plan to construct an Asia-Pacific submarine cable double ring that includes Pacific Rim and Southeast Asian countries and promote Taiwan as the undersea cable hub in Asia-Pacific.

In addition, we will continue to expand in strategic emerging businesses with our broad alliance strategy. We plan to form alliances and build ecosystems with suitable domestic and global companies through acquisitions, building, and collaboration, and further expand to overseas markets by promoting smart applications.

Financial Performance

In 2020, Chunghwa Telecom's consolidated operating income was NT$207.61 billion, which remains flat with that of the same period last year. We are committed to the development of new technologies and enterprise and customer market expansion to increase ICT and internet-related revenues. In addition, although the pandemic has affected our international roaming revenue, we are committed to promoting our core business strategies in the areas of 5G services, higher broadband speed migration, and introducing MOD premium content in order to offset decreases in telecom revenue.

Consolidated costs and expenses for the year 2020 amounted to NT$166.84 billion, increasing by 0.1% compared to 2019, mainly due to: 1) an increase in construction costs under the ICT business as revenue in ICT services increased; and 2) an increase in 5G amortization after its service launch and subsequent constructions of the network. In 2020, capital expenditures amounted to NT$23.51 billion, primarily spent

on supporting business growth and consolidating our market position. For example, we expanded fiber coverage, increased 5G construction expenses, and reduced our actual expenditures by strengthening procurement efficiency. As a result of the execution of our business strategies and cost control initiatives, net income attributable to stockholders of the parent company amounted to NT$33.41 billion, or NT$4.31 per share. In 2020, overall net investment income amounted to NT$1.54 billion.

Achievements in Research and Development

In 2020, Chunghwa Telecom's main achievements in R&D include:

1. Core Business: High-speed broadband internet, 5G NSA network, 5G MEC, Mesh Wi-Fi, hicloud public cloud, AWS & MS Azure MSP, international SDN network, enterprise SDN application, etc;

2. Emerging Business: home intelligent voice control, text analytics, AI PaaS intelligent analytics, identity recognition, blockchain, enterprise information security protection, self-driving vehicle management, traffic Big Data, secure communication, multi-view live broadcast, cloud classroom, AR application, 5G videos, intelligent energy, smart railway, health management, AIoT monitoring and analysis, CMP, smart meter communication module, mobile payment.

3. Fundamental capabilities: 5G Fixed-mobile network convergence management, 5G C-RAN, IMS network elements cloudification, PSTN IP, high-speed optical transmission system disaggregation, intelligent bearer network, Telco clouds, 5G trial network, multi-cloud management, smart maintenance, smart customer service.

4. Overall portfolio of our core competencies: In 2020, we applied for 161 patents, and obtained 177 approved patents. Besides, we won 16 important awards at home and abroad.

Fulfilling Corporate Social Responsibility

Chunghwa Telecom continues to uphold our brand's spirit, "Always Ahead," and our longstanding principles of "Sustainable Corporate Development," "Compliance with Global Environmental Trends," and "Supporting Minorities," in order to give back to society.

In 2020, our pioneering "I Love SDGs" (5I SDGs) initiative, in alignment with the United Nations' 17 sustainable development goals, focuses on channeling resources to remote rural areas and vulnerable ethnic groups. We established 89 "Good Digital Neighbor" programs throughout Taiwan to help community residents learn how to use technology. We have invested in the "Outpost Taiwan" project every year for the past twelve consecutive years, helping over 500 loyal youths to record their personal stories with digital technology. We have also promoted the "Reading Partner" community online tutoring service for more than 12 years, enabling nearly 5,000 college students to provide online after school tutoring to more than 3,000 primary school students. Moreover, our "EYE Social Innovation Customer Service Center" has helped more than 150 visually impaired people with education and employment opportunities for nearly 10 years.

Not only have we conducted many positive actions in economic, environmental and social aspects, but we have also maintained transparent information disclosure and the check and balance mechanism in place. Thus, we were listed as one of the Top Ten Sustainable Model Enterprises at the 2020 Taiwan Corporate Sustainability Awards in the annual CSR report for the services industry, illustrating the hard work that the Company is carrying out to fulfill its corporate social responsibilities. At the same time, we are actively cooperating with international partners and working together to promote sustainability trends. We continue to promote the sustainable hierarchical management system for hundreds of suppliers and work with these partners to implement sustainable procurement processes.

Honors and Awards

Chunghwa Telecom maintains a nationwide infrastructure and services presence, providing high-quality information and communication integration services in Taiwan. We require ourselves to operate in accordance with the concept of a customer-centric service. Our focus on fulfilling customer demands to meet their satisfaction helps us create enterprise value. Our efforts have been recognized through the receipt of major international and domestic awards.

In 2020, as a result of our providing excellent communication services, Chunghwa Telecom received several Frost & Sullivan Best Practice Awards in multiple categories, including Taiwan Mobile Data Service Provider of the Year and Taiwan Data Center Service Provider of the Year; we were also awarded Taiwan Cloud Infrastructure Service Provider of the Year for the first time. For implementing our vision for smart city development through the integration of core business applications, Chunghwa Telecom was awarded the 2020 Smart City Innovation Application Award (Smart Agriculture) and 2020 Smart City Outstand Contribution Award (Smart

▲ Senior executive team photo taken in March 2021 at 5G Application Demonstration Center.

Health). Based on our trustworthy brand value and as the only award-winning telecom operator in Taiwan, Chunghwa Telecom received the Brand of the Year Award at the World Branding Forum for a sixth consecutive year. We also received the Platinum Award as the highest honor under the "Reader's Digest" reputation brand for the 16th consecutive time, as well as the "CSEA Excellent Customer Service Award" for innovative customer service, showing that our services have been highly recognized by consumers. Regarding mobile performance, Chunghwa Telecom was awarded by Speedtest with the Fastest Mobile Network, Best Coverage Mobile Network, and Fastest Mobile Network for iPhone 12, respectively, in 2020. In addition, OpenSignal's December report awarded us with top honors in 4G Network Coverage, Download Speed Experience, Video Experience, and Gaming Experience.

In terms of business operations and sustainable development, Chunghwa Telecom ranked in the top 5% of Taiwan's listed companies for corporate governance for the fifth time. For the ninth year in a row, we were included in the Dow Jones Sustainability Index's Emerging Markets Index. We received the Platinum Award at The Asset ESG Corporate Awards for the eighth consecutive year, which recognized our achievements in environmental, social, and governance. We were also the only telecom operator in Taiwan to pass the highest level of BSI "TCFD Compliance Check" and was listed as one of the Top Ten National Corporate Citizenship Award and CSR influencer, which illustrates professional domestic and international institutions' continued recognition of Chunghwa Telecom's sustainable operations.

Future Outlook

Turning to 2021, we will continue our two-pillar "5G+Transformation" strategy and accelerate the construction of our 5G network. With our advantageous position as the widest bandwidth and relatively better frequency band provider in Taiwan, we will actively expand our 5G enterprise private network, jointly developing 5G + AIoT smart applications with our business partners as we move into the new 5G era.

We will also continue to promote our "RISE ON, TOGETHER" transformation plan and implement the "Customer - Centric" operations strategy. Meanwhile, we will strengthen our customer base, including personal, family, corporate, and international customers. To achieve fundamental changes, we will continue to optimize costs and improve our basic capabilities in network, IT, talent, organization and etc.; combined with investments as well as mergers and acquisitions, this will enhance the Company's competitiveness and advantages for long-term development. We will continue to build a new-generation SDN network that, when combined with a 5G network, will provide instant high-speed broadband services at any time on the three networks - mobile, fixed network, and WiFi - as well as convergent services such as MOD and IPTV. We will increase investments in the construction of submarine cables by constructing the Asia-Pacific submarine cable double ring, formed by the Pacific Rim and Southeast Asia, to turn Taiwan into the Asia-Pacific submarine cable center. We will continue to invest in technology research and development, recruit and cultivate outstanding talent, and explore domestic and overseas markets to secure new growth opportunities in the post-pandemic period and from Taiwan's Forward-looking Infrastructure Development Phase 2 Program. This will further improve "people's lives to enjoy smart lifestyles, better manage across industries to create a digital economy," to help the Company reach its development vision of "Leading in smart lifestyles, and becoming a digital economy enabler."

We will continue to strengthen ESG initiatives and implement sustainable management practices. Our "Low Carbon Economy, Sustainable Supply Chain" initiative has been adopted by hundreds of suppliers to conduct carbon emissions management. We will strengthen green energy policies and increase the usage of green electricity in our network. We fully support the government's technology initiatives to assist with pandemic prevention measures. To fulfill corporate social responsibilities, we will continue to leverage our digital technology through the Chunghwa Telecom Foundation to promote the prosperity of the entire society and bridge the digital divide. To strengthen our corporate governance, we continue to implement our Code of Integrity Management, strengthen risk management, and improve supply and procurement management. We remain committed to creating sustainable value for Chunghwa's shareholders, customers, employees, and society as a whole.

1. Operating Performance in 2020

1.1 2020 Operating Review

As of December 31, 2020, Taiwan local telephone penetration has reached 120.3% (according to the NCC's definition and calculation of "local telephone household subscribers as a percentage of total nationwide households"), of which the Company's subscribers totaled 9.90 million, representing a leading market share of 92.1%. For mobile communication, the nationwide penetration rate has reached 124.3%, of which the Company's subscribers totaled 11.30 million, representing a market share of 36%. The Company continues to maintain its market leadership position in terms of subscriber numbers. For data communication, the total number of households with internet access in Taiwan represents a penetration rate of 82.8% (according to the Taiwan Network Information Center report "2020 Taiwan Internet Report"), of which the Company's broadband subscribers (ADSL and FTTx) totaled 4.35 million, representing a market share of 65.6%; HiNet broadband ISP subscribers totaled 3.58 million, representing a market share of 60.2%.

In 2020, due to the impact of the COVID-19 pandemic, there has been a decline in momentum of consumption and investment activities, while economic and trading activities cooled rapidly. Despite these circumstances, the Company maintained its progress in 5G development within the telecommunication industry. Since launching at the end of June, 5G base stations have covered major business districts, science parks, approximately 50 universities, crowded indoor gathering circles, and transportation hubs throughout Taiwan. The Company established 5G networks across 22 cities and counties in Taiwan. Looking ahead in 2021, considering the ongoing COVID-19 pandemic, the Company will continue to prioritize the health and safety of all its employees and customers. In addition to closely tracking pandemic updates, the Company will focus on its strategies for development and business growth while leveraging its core advantages to maintain its leading position in Taiwan. With Taiwan's largest 5G bandwidth, leading telecommunications technologies, and a solid market position, the Company is confident in its ability to continue creating value for all shareholders.

In 2019, the Company participated in the nation's mobile bandwidth (5G spectrum) auction and secured 90 MHz of bandwidth in the 3.5GHz band and 600MHz in the 28GHz band. With better frequency allocation to sustain 5G development, the bandwidths offer crucial resources and a significant advantage for the development of mobile broadband business in the next two decades. Of note, the Company was the only one to obtain the widest frequency of 690MHz. Based on its current edge in 4G network and spectrums, the Company will actively expand its 5G network deployment, maximize the advantages of these

bandwidths, and advance long-term developmental leads in mobile broadband to provide high-quality services to its retail customers and enterprise clients.

For its broadband business, in September 2020, the Company's broadband business ranked first in all eight categories of InsightXplorer's "2020 Residential Broadband Internet Usage and Satisfaction Survey" (which included customer service satisfaction, customer loyalty, brand recognition, overall service satisfaction, network stability satisfaction, value added service satisfaction, upload speed satisfaction, and brand loyalty, showing that satisfaction with the Company's broadband business leads against those of other brands.

In addition, the Company is actively enhancing its MOD business by providing rich content and offering better digital convergence services through Hami Video. The Company continues to migrate to the higher-speed broadband access of FTTx, enable government DIGI+ national policy, construct Gbps networks, and further strengthen its nationwide broadband network capabilities. For enterprise services, the Company continues to develop vertical-based business operations, especially for small and medium enterprises (SMEs); it does so by providing optimal services for different industries to create higher customer value.

Strong customer support is a key success factor of Chunghwa Telecom's leadership. The Company continues to deliver compassionate, integrated and innovative services to maintain voice business leadership, expand broadband and value-added services (VAS), promote enterprise ICT, and grow in overseas markets. These efforts ensure the Company's leading brand and market share within the Taiwan market and solidify its revenue and customer growth.

The Company intends to provide more VAS for domestic fixed communication services. For broadband access with better service quality, the Company focuses on higher-speed optical fiber offerings by constructing a faster and more stable broadband network environment. As of December 31, 2020, the total broadband subscribers of the Company are approximately 4.35 million, of which approximately 1.76 million subscribers use 100Mbps and above, representing an increase of 11% year over year. In addition, FTTx subscribers are approximately 3.62 million, representing an increase of 0.1% year over year. Furthermore, the Company is actively promoting MOD services, and making an effort to introduce high-quality channels and program content with HiNet+MOD+Mobile 4G Triple Play integration, in order to provide ubiquitous and seamless digital convergence services across networks, platforms, and terminals. Due to the impact of the COVID-19 outbreak, popular sports events (such as the Tokyo Olympics) and new movie premieres have been postponed, affecting MOD customers' growth momentum. As of December 31, 2020, MOD subscribers are approximately 2.07 million, representing a year-over-year decrease of 0.6%.

As a leader in mobile communication, the Company launched high-speed 5G services on June 30, 2020, marking a milestone while leading the nation into a new era for telecommunication. Using innovative technologies such as AR, VR, AI, IoT, Big Data, and cloud, combined with 5G's advantages of high-speed, low latency, and massive connectivity, the Company developed applications in 7 categories and 13 vertical sub-sectors to form a cross-industry 5G ecosystem. With 4G/5G EN-DC technology, the Company established the nation's widest dual mobile network coverage while providing high-quality services. The Company continues to develop mobile VAS and expand its mobile network infrastructure as it promotes Hami VAS. As of December 31, 2020, the Company's mobile broadband customer base has reached approximately 11.30 million.

For internet services, the Company continues to promote HiNet broadband access and home Wi-Fi services for FTTx customers as well as enhanced VAS, including video/audio offerings. In addition, the Company focuses on enhancing customer relations and membership operations with integrated content services to increase customer satisfaction and to enhance its product portfolio's competitive advantages.

For international fixed communications, the Company continues to improve service quality, reduce churn rates, and promote prepaid card that targets foreign workers, as well as other integrated marketing sales. In addition, the Company is actively expanding in the overseas market by offering services including international leased lines, VAS, and overseas ICT services, in order to increase international service revenues.

The Company continues to strengthen overall operating efficiency, including integrating channel subsidiaries with a focus on relocating service centers to busy business districts to meet customers' needs and enhance its service advantage. In addition, the Company is consolidating service delivery into single access points-of-contact and implement onsite service inspections. Furthermore, the Company continues to consolidate electronic and paper bills in order to ensure more convenient and better quality telecommunication services.

For digital channel expansion, the Company's online store provides more convenient and accelerated online processing

for all customers as well as online order and home delivery services, resulting in a significantly improved one-stop online experience.

In terms of operating cost discipline, the Company continues to improve operating efficiency and optimize its internal organization, enhancing headcount structure while leveraging newly hired talents. In addition, the Company has designed various incentive programs, such as corporate bonuses and employee compensation, in order to encourage more employee contributions.

1.2 Capital Expenditure

The Company's total CAPEX for 2020 was NT$23.51 billion, including NT$11.48 billion for domestic fixed communications (including access and broadband network), NT$8.83 billion for mobile communications, NT$1.40 billion for internet, NT$0.78 billion for international fixed communications, and NT$1.02 billion for others.

1.3 Revenue, Expenditure & Profit Analysis

Unit: NT$ millions

Financial Metrics \ Fiscal Year		2019	2020
Revenue & Expenditure	Revenues	207,520	207,609
	Gross Profit	71,568	70,580
	Income from Operations	40,646	42,362
	Non-Operating Income and Expenses	1,104	469
	Income before Income Tax	41,750	42,831
	Net Income	33,764	34,706
	Net Income attributable to Stockholders of the Parent	32,789	33,406
Profitability	Return on Assets (%)	7.17	7.09
	Return on Equity (%)	8.74	8.95
	Pre-tax Income to Paid-in Capital (%)	53.82	55.21
	Net Income Ratio (%)	16.27	16.72
	Earnings Per Share (NT$)	4.23	4.31

Note: The above table is based on consolidated financial reports.

1.4 Research & Development

To maintain the competitive advantages of the Company's core and emerging businesses, Chunghwa Telecom consistently invests a considerable amount of resources in research and development. Through innovative R&D, acquisition of domestic and foreign technologies, and cooperation among the government, industry, universities, and research institutions, the Company aims to master the key technologies in the telecommunications industry to enhance network performance and quality of communication, reduce costs, and gain a competitive edge in its core business. The Company will actively invest in research and development in the emerging domains, such as artificial intelligence, Big Data, IoT, cloud services, cyber security, and 5G, and build related new products and innovative solutions so as to meet customer demands.

In 2020, the R&D expenditure of the Company totaled NT$ 3.85 billion, representing 1.85 % of the consolidated revenues. The R&D investment is in line with the Company's operation focus and the ICT development trend in order to maximize the value proposition for all customers.

2. Business Plan Highlights for 2020

2.1 Operation & Strategy Outlook

Facing a structural change in the telecommunications market, as we turn to 2021, the Company will focus on leading in the 5G era as well as executing business transformation initiatives in an effort to improve people's lives, to help upgrading industries, and enhance our operations in engineering, business and management. Along with its five key pillars of strategy - core business maintenance, growth in the enterprise market, enhancement of emerging businesses, improvement of core competencies, and expanding cooperation - the Company aims to expand in both domestic and overseas markets and strengthen its involvement in corporate social responsibility as it secures the business opportunities in digital convergence and the digital economy and continue to support its strategic partners. The Company is fully committed to growing its business, becoming a leader in the smart living industry, empowering the digital economy, and delivering value to customers, shareholders, employees, and society.

- Leading in the 5G Era: Steering the launch of 5G operations and deploying 5G spectrums on both 2.1GHz and 3.5GHz bandwidths, the Company will lead its peers in coverage and capacity, establish an end-to-end ecosystem, deploy innovative 5G applications, and usher in the new 5G era.
- Strategic Transformation: Under the guiding principle of customer-centric value creation, the Company will continue to execute on its "RISE ON, TOGETHER" strategic transformation plan to make a fundamental change and achieve sustainable growth.

- Maintaining the Core Business: Enhance the customer experience, maintain the Company's leading brand image, and provide convergence services to create customer value.
- Growing in the Enterprise Market: Enhance industry-specific operations, innovate with B2B2X business models, seize the opportunities of the digital economy, and enhance the collaboration and cooperation of the sales, product, and R&D departments to improve product ownership and gross profit.
- Enhancing Emerging Businesses: Leveraging the 5G and AIoT platforms, target the emerging businesses of IoT, cyber security, IDC/cloud, fintech, big data advertising, and smart living services to meet customer demand.
- Improving Core Competencies: Through digital transformation, upgrade the capabilities of the Company's networks, IT, talent pool, and organization to achieve fundamental changes in mindset, behavior, and structure, and to establish advantages for the long-term development of the Company.
- Expanding Cooperation: Construct open platforms to build ecosystems and to create partnerships for digital transformation, with proactive strategic investment and M&A to strengthen overall performance.

2.2 Key Operating Metrics Outlook

The Company estimates its 2021 operating targets as listed below, based on its current evaluation of all business segments:

Key Offerings		Subscribers/Minutes in million
Domestic Fixed Communications	Local	9.63 Subs
	Domestic Long Distance	1,282.8 Mins
	Broadband Access	4.292 Subs
Mobile Communications	Mobile	12.736 Subs
Internet Network	HiNet Broadband ISP	3.538 Subs
International Fixed Communications	International Long Distance	193.2 Mins (Note)

Note: Only including outgoing minutes.

2.3 Key Product & Marketing Strategy

The Company's product, pricing and channel strategies for telecommunication and ICT services are listed below:

(1) Products

While facing the challenges of a competitive market environment and industry regulatory limitations, the Company continues to integrate and innovate its services to improve and upgrade the customer experience as well as to explore attractive VAS opportunities to increase customer Average Revenue Per User (ARPU). In addition, the Company has expanded its product portfolio for digital life VAS to fulfill digital convergence consumption demands and to enhance its total revenue.

For domestic fixed communication, the Company leverages its IP network in providing video telephone services; integrated fixed network, data, and mobile services; and various VAS for telecommunication, entertainment, information, and enterprise customers in order to increase the total revenue. In addition, MOD continued to focus on offering industry-leading exclusive content, interactivity, multi-screen, high definition (4K, HD), and other diverse features, in order to increase overall subscriptions and revenue.

For mobile communication, the Company continues to expand its mobile internet services in order to increase the overall revenue stream. The Company continues to build its mobile network, the quality of which has received recognition and is honored by numerous domestic and international awards. For 2021, the Company plans to continue constructing and optimizing its high-speed broadband network, optimizing its service coverage, offering flexible rate packages, providing more diversified mobile VAS, such as music (KKBOX, ringback tone), Hami Pass, Hami Video (movie, TV), Hami Cloud Gaming, Hami VR, e-book (Hami Books, children's books), as well as promoting mobile payment service, in order to better fulfill the demands of different market segments and, consequently, to increase customer contributions to the revenue stream.

For broadband and internet services, the Company focuses on broadband access upgrades and FTTx services in order to provide customers with a higher speed and more stable broadband network environment. The Company offers FTTx promotional packages as well as integrated broadband/MOD services in order to enable customers to enjoy one-stop services for their internet access and media entertainment needs. In the future, the Company plans to develop more innovative VAS and diverse digital home services to fulfill customer demands for a smart life.

In addition, to meet the demands generated by the trend of digital convergence, the Company is providing cloud-enabled computing and solutions as well as cloud SaaS services, including Customer Relation Management (CRM), Enterprise Resource Planning (ERP), and Point of Sale (POS). The Company continues to develop various OTT and convergence services, such as video/audio, music, e-book, Hami Pass and mobile payment, to provide differentiated digital convergence experiences for all households.

For enterprise services, the Company leverages its ICT product portfolio as the core in developing advanced solutions, such as IoT(Intelligent Energy Network (iEN), Intelligent Video Surveillance Service (IVS), Intelligent Transportation System (ITS), and Intelligent Green Building (IGB)); cybersecurity; IDC integration; cloud computing; smart cities; and forward-looking infrastructure-related products for enterprises and governments. The Company is also continuing research efforts for emerging services, such as CHT IoT smart platform, AI, big data, smart healthcare, in order to increase its mid- to long-term revenue growth momentum.

(2) Pricing

The Company devises competitive product offerings with various rate plans to target customers by leveraging its comprehensive product portfolio, large customer base, and service innovations. For broadband services, the Company offers a broadband internet promotional plan, a fixed + mobile broadband bundled package, a broadband+mobile+Wi-Fi bundled package, and a broadband+MOD+content bundled package, in order to fulfill household demand for internet access and entertainment. For mobile communication, the Company has designed various voice and mobile internet promotional plans in order to attract customers to migrate to better services and product quality.

(3) Sales Channel

As of December 31, 2020, the Company has 700 service outlets, of which 455 are directly operated service centers and 245 are exclusive service stores, in order to offer broadband, MOD, mobile, and other services. In 2021, the Company's channel optimization efforts will focus on migrating physical stores to better-located and crowded places in order to provide customers with more convenient and efficient services.

For the online channel, the Company will continue to expand its online store presence and mobile apps for better service coverage, and optimize its apps and online store to provide self-help services, in order to enable more convenient access to customer-centric services, including billing inquiries, contract reviews, repair statuses, and more.

To meet customer demand, in addition to physical service locations, online stores, mobile apps and other diversified sales channels, the Company manages direct sales and services through a CRM platform, combining it with big data analysis to further improve marketing efficiency through targeted advertising. Also, the Company continues to expand its customer point reward program and membership management capabilities in order to increase overall customer loyalty. Furthermore, the Company increases customer loyalty by leveraging corporate branding commercials, participating in exhibitions, and strengthening PR practices and targeted marketing. This raises new product awareness and favorable opinions, accelerating the spread of the company's reach.

2.4 Impact from Regulatory Changes and Competitive Development

(1) On February 21, 2020, the NCC completed the 5G spectrum auction and all five operators successively launched 5G services. The allocation of the 5G spectrum and initiation of 5G services were expected to commence a new wave of industry development, which has the potential to change competitive landscape, business models, and fee structures. The Company secured the largest bandwidth with better frequency locations, including 3.42 - 3.51 GHz (90MHz in total), the most matured and non-interference location in the 3.5GHz band (270MHz in total), and 27.9 - 28.5 GHz (600MHz in total) the front section and the widest band in the 28GHz band (1600MHz in total), which has an opportunity to expand the bandwidth as a continuous frequency in the future. Based on the advantage of 5G spectrum, the Company ensures a strong foundation to lead technology innovation and further drive industry development in mobile broadband services.

(2) The Legislative Yuan approved a budget for the third stage of its Forward-looking Infrastructure Development Program in January 2021. This budget for 2021-2022 includes a subsidy of NTD15.49 billion, allocated to encourage telecom operators to speed up construction of 5G networks while promoting several projects in digital and infrastructure in urban and rural areas to further drive 5G development.

(3) In conjunction with the release of the 5G 3.5GHz frequency band, some of the frequency in the C band of the Company's ST-2 satellite have halted service in Taiwan since May 2020, the Company has transferred the existing customers in Taiwan to ensure the continuing services. In addition, the government has confirmed a compensation budget of NTD460 million for the Company in 2021-2022 as part of the third stage of the Forward-looking Infrastructure Development Program.

(4) The primary goals of the Executive Yuan of Taiwan's "Digital Nation and Innovative Economic Development Program (2017-2025)" (the "DIGI^{+} plan") are to increase the scale of Taiwan's digital economy, expand the broadband network, provide all Taiwanese citizens with broadband internet access, and strengthen Taiwan's information technology capabilities. Specifically, the development

strategy includes creating an environment suitable for digital innovation ("DIGI+ Infrastructure") and establishing Taiwan's ultra-high-speed broadband service with a target of 90% of 1Gbps coverage by 2020 and 2Gbps coverage by 2025, respectively. Upon further review, the Company responded affirmatively to the government's DIGI+ gigabyte-level broadband coverage policy goal. In 2021, the Company increased a portion of its fixed broadband network spending to encourage customers to upgrade to broadband speeds of 300Mbps or above, further solidifying the competitive advantages of the Company's fixed broadband network.

(5) The "Telecommunications Management Act" was promulgated by the President on June 26, 2019. Except for certain articles regarding frequency allocation, the effective date of most of the articles of the "Telecommunications Management Act" was set by the Executive Yuan to be July 1, 2020, and the aforementioned articles regarding frequency allocation also became effective from November 1, 2020. The NCC approved CHT's transition registration on September 30, 2020, making CHT a qualified service provider governed by the "Telecommunications Management Act" since then. The Company has a task force to deliver viable responses to potential changes in the competitive environment as a result of regulatory reforms.

(6) The spirit of the "Unmanned Vehicle Technology Innovation Experiment Regulations" regulatory sandbox, implemented by the Ministry of Economic Affairs, strives to foster the development of friendly regulations and innovation test fields in Taiwan to build a comprehensive, safe and innovative environment for domestic experimentation. In February 2020, Kingwaytek Technology's cooperation with the Company reached a milestone when it received Taiwan's first self-driving test license. With the support of the government, a 5G test field is being established in the Hutoushan Innovation Hub in Taoyuan, to develop solutions for self-driving. Furthermore, the first autonomous bus produced in Taiwan has created a precedent for Taiwan's AV (autonomous vehicle) open field transportation. In August 2020, a connection test between Kanding Station (light rail station) and Miranew Cinemas in Tamsui was successfully completed.

(7) Since the implementation of the Hong Kong National Security Law on July 1, 2020, new rules and regulations have created uncertainty for multinational companies and OTT operators. In response to these developments, affected companies have gradually transferred their operation centers from Hong Kong to other locations. For example, LINE has moved its backup server for storing user data to Singapore. Facing the changes of new international situation, Chunghwa Telecom will build a double ring submarine cable in the Asia-Pacific region and integrate with the core capabilities of IDC, cloud computing, cybersecurity, backhaul and other businesses to actively support the entry of customers and landing of new submarine cables. In addition, in response to the evolving international submarine cable transmission system and to provide a higher number of wavelength technologies, the Company has maintained its investment in new, high-bandwidth international submarine cables (such as SJC2) to provide better circuit cost advantages in the future and pursue international business opportunities.

(8) The U.S.-China trade tension has prompted China-based Taiwanese businesses to transfer their production lines and orders to Taiwan. The government has also promoted "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" to encourage Taiwanese businesses to return. In 2021, the Company continues to refine its potential customer exploration of those Taiwanese businesses that may return, including plans for voice, mobile, internet, data, PBX (including IP-Centrex), cloud backup, storage equipment, firewall, solar photovoltaic energy equipment, etc.

(9) The initial outbreak of COVID-19 had developed into a pandemic in 2020, imposing a major burden on the medical system and causing border lockdowns in various countries, severely affecting the life and work of individuals and economic activities. Despite the various economic relief measures introduced by lawmakers around the globe, the COVID-19 impact continued to affect multiple industries, in particular the transportation and tourism industry. The impact on the telecommunications industry has been relatively mild and primarily affected the revenue of mobile international roaming services. In addition to executing its business continuity plan to ensure business operations go uninterrupted, the Company will actively pursue business opportunities in the "New Normal," such as home economy, zero-touch, and accelerated digital transformation of enterprises.

2 Company Profile

1. Date of Incorporation
2. Company Milestones

Company Profile

Chunghwa Telecom is the largest integrated telecommunication service provider in Taiwan. The Company's primary businesses include fixed communication, mobile communication, broadband access, and internet services. The Company also provides ICT services to enterprise customers such as big data, cybersecurity, cloud computing, IDC, etc. At the same time, it is expanding into emerging technology services such as IoT and AI to create an advanced communication environment and a convenient digital lifestyle for customers, as well as to serve as an important partner for international telecommunication service providers.

Chunghwa Telecom adheres to the service concept of "Minimizing the digital divide, Implementing environmental sustainability and Caring for disadvantaged groups", and makes good use of the company's core technology, resources, capabilities and characteristics, to practice its "Always Ahead" brand spirit by three aspects of "Environmental, Social and Governance". The Company demonstrates its determination to realize the best practice of sustainable operations with concrete actions, and implements full scale of Corporate Social Responsibilities (CSR). In recent years, the Company has been actively involved in ESG initiatives and has obtained various domestic and international awards and recognition accordingly.

1. Date of Incorporation

The Company was officially established on July 1, 1996.

2. Company Milestones

2.1 Merger and Acquisitions, Strategic Investments in Affiliated Enterprises for the most recent year and up to the Publication Date of this Annual Report

(1) The Company established 75% equity interest in Chunghwa Leading Photonics Tech Co., Ltd. ("CLPT") on July 28, 2016.

(2) The Company established 100% equity interest in Chunghwa Telecom (Thailand) Co., Ltd. on March 3, 2017. The Company's investment had increased in October 2019. After the capital increase, the Company's equity interest remains at 100%.

(3) The Company established 80% equity interest in CHT Security Co., Ltd. ("CHTSC") on December 14, 2017. In addition, CHTSC issued new shares for employee share options in 2021. Therefore, as of February 28, 2021, the Company's equity interest in CHTSC has declined to 77%.

(4) As of December 31, 2018, the Company's consolidated equity interest in Senao International Co., Ltd. ("SENAO") has declined from 32%, the initial ratio in 2007, to 28%, due to the exercise of employee share option plan and the transferring plan of treasury stock to employees.

(5) The Company increased equity interest in International Integrated Systems, Inc. ("IISI") from 31.16% to 51.54% on July 1, 2020. In addition, IISI issued new shares for employee share options twice in September 2020 and January 2021. Therefore, as of February 28, 2021, the Company's equity interest in IISI has declined to 51.02%.

(6) As of December 31, 2020, the Company's consolidated equity interest in CHIEF Telecom Inc. ("CHIEF") has declined from 70%, the initial ratio in 2006, to 59%, due to the IPO in Taiwan OTC market in 2018 and the exercise of employee share option plan from 2018 to 2020.

For more details, please also see page 71, Chapter III, Section 10, "Comprehensive Shareholding Information Relating to Company, Directors, Management, and Companies Affiliated through Direct and Indirect Investments".

2.2 Status of Corporate Reorganization for the most recent year and up to the Publication Date of this Annual Report

None.

2.3 Significant Shareholding Changes in Directors or Shareholders with Greater than 10% Shareholding for the most recent year and up to the Publication Date of this Annual Report

None.

2.4 Changes in Managerial Control for the most recent year and up to the Publication Date of this Annual Report

None.

2.5 Material Changes in Business Operation, or Service Offerings for the most recent year and up to the Publication Date of this Annual Report

None.

2.6 Other Matters of Material Significance that could Affect Shareholders' Interest for the most recent year and up to the Publication Date of this Annual Report

None.

3 Corporate Governance Report

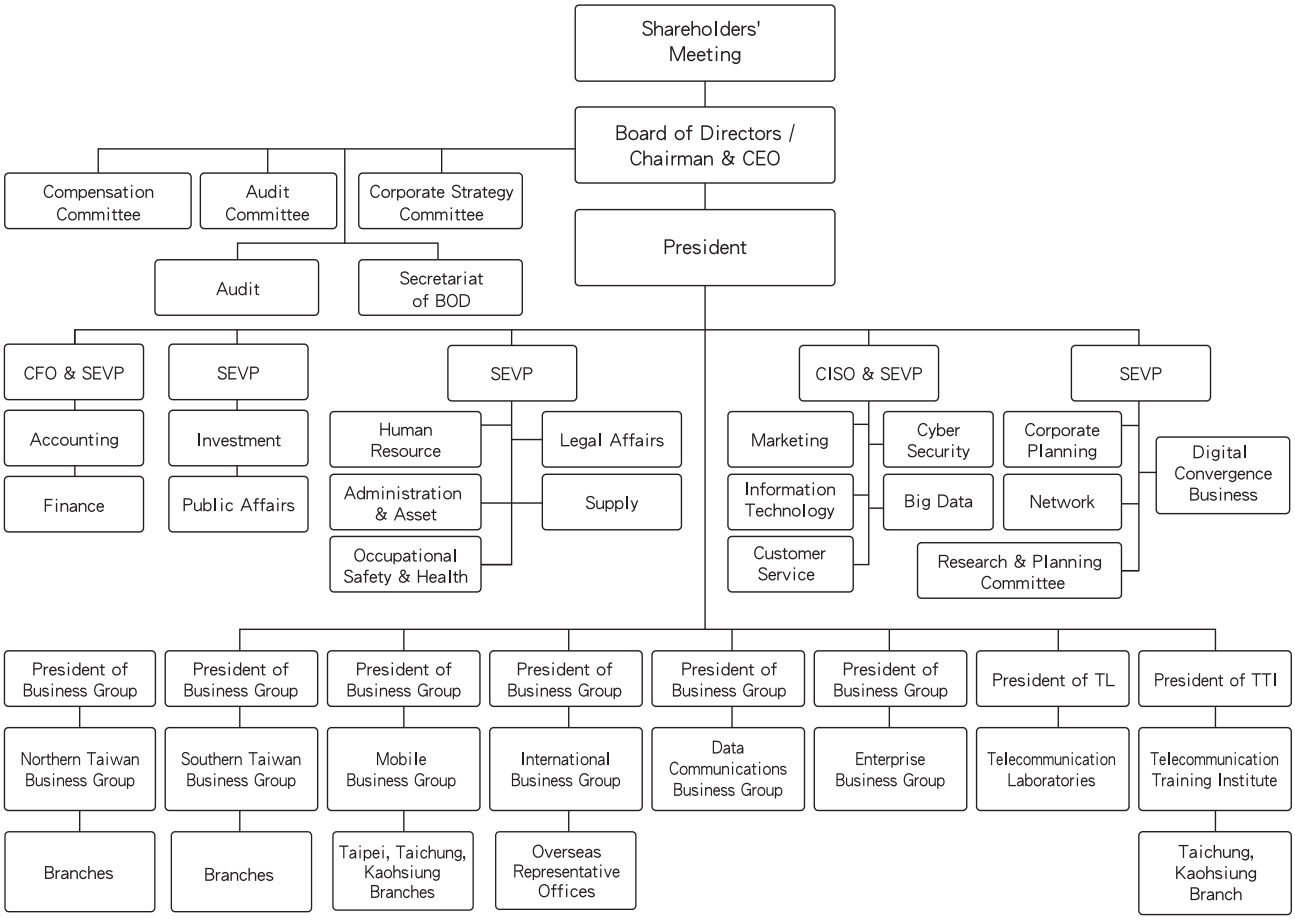
1. Organization Structure
2. Directors, President, Senior Executive Vice Presidents, Vice Presidents, Assistant Vice Presidents, Senior Directors, and Department Heads
3. 2020 Compensation of Directors (including Independent Director), President, Senior Executive Vice Presidents, and Other Management Officers
4. Corporate Governance
5. Certified Public Accountant (CPA) Professional Fees
6. Change of CPA
7. Audit Independence for the Most Recent Year
8. Shareholding Changes of Directors, Supervisors, Management, and Major Shareholders with Shareholding of 10% and more for the most recent year and up to the Publication Date of this Annual Report
9. Relationship Among Top Ten Shareholders
10. Comprehensive Shareholding Information Relating to Company, Directors, Management, and Companies Affiliated through Direct and Indirect Investments

Corporate Governance Report

1. Organization Structure

1.1 Organization Chart

Chunghwa Telecom Organization Chart



1.2 Principal Lines of Business

- Northern Taiwan Business Group: local telephone, domestic long distance, public phone, leased lines, ADSL, FTTx, intelligent network, MOD, Hami Video, enterprise solution, mobile communication, and data communication.
- Southern Taiwan Business Group: local telephone, domestic long distance, public phone, leased lines, ADSL, FTTx, intelligent network, MOD, Hami Video, enterprise solution, mobile communication, and data communication.
- Mobile Business Group: mobile handset, short messaging service, or SMS, value-added services, roaming services, mobile data, mobile VAS (call-answer, multimedia, e-book, mobile payment, digital content), Mobile Virtual Private Network/Mobile Data Virtual Private Network, or MVPN/MDVPN, and Mobile-Internet of Things (M-IoT), and enterprise mobile services.
- International Business Group: International Direct Dialing, or IDD, Super eCall, international calling card, international internet card (Let u Tour), conference call, TWGate, International Private Leased Circuit (IPLC), Internet Protocol Virtual Private Network, or IPVPN, satellite transponder leasing, satellite VAS, satellite mobile communication, enterprise integrated services, and others.
- Data Communications Business Group: internet, data communication, data telecommunication VAS, IDC, cloud computing, IoT, AI, smart care, Big Data, multimedia, information system, information security, commercial application, integrated services for government entities and enterprises, and others.
- Enterprise Business Group: ICT solution, ICT project management and implementation, standardized and customized integration services for enterprise clients, cross-domain emerging businesses development, and others.
- Telecommunication Laboratories: primary focus on research and development, including wireless communication,

broadband network, digital convergence, network management, customer service information, cyber security, operating strategy, enterprise solutions, accounting information, intelligent internet, cloud computing, and others.

- Telecommunication Training Institute: employee training and education, professional talent selection, relevant training and consultation for operation, management, technology, sales/marketing, commissioned training programs, skill assessment, training material and journal design, publication, registration and distribution, and others.

2. Directors, President, Senior Executive Vice Presidents, Vice Presidents, Assistant Vice Presidents, Senior Directors and Department Heads

2.1 Directors

(1) Director Profile

Title (Note 1)	Nationality	Name	Gender	Date Elected	Tenure	Date First Elected (Note 2)	Shareholding when Elected		Current Shareholding		
							Shares	%	Shares	%	
Director	R.O.C.	MOTC	-	June 21, 2019	June 20, 2022	June 11, 1996	2,737,718,976	35.29%	2,737,718,976	35.29%	
Chairman, Chief Executive Officer and Director	R.O.C.	Chi-Mau Sheih (Representative of the MOTC)	M	June 21, 2019	June 20, 2022	Succeeded as a director on January 4, 2017 Succeeded as the Chairman & CEO on April 22, 2019	72,054	0%	72,054	0%	
President, and Director	R.O.C.	Shui-Yi Kuo (Representative of the MOTC)	M	June 21, 2019	June 20, 2022	April 26, 2019	0	0%	35,000	0%	
Director	R.O.C.	Shin-Yi Chang (Representative of the MOTC)	M	June 21, 2019	June 20, 2022	January 16, 2017 to August 9, 2018 (Note 2)	0	0%	0	0%	
Director	R.O.C.	Lien-Chuan Lee (Representative of the MOTC)	M	September 16, 2019	June 20, 2022	September16, 2019	0	0%	0	0%	
Director	R.O.C.	Sin-Horng Chen (Representative of the MOTC)	M	June 21, 2019	June 20, 2022	June 21, 2019	0	0%	0	0%	
Director	R.O.C.	Yu-Lin Huang (Representative of the MOTC)	M	June 21, 2019	June 20, 2022	February 13, 2019	0	0%	0	0%	
Director	R.O.C.	Hung-Yi Hsiao (Representative of the MOTC)	M	June 21, 2019	June 20, 2022	June 21, 2019	0	0%	0	0%	
Director	R.O.C	Chin-Tsai Pan (Representative of the MOTC)	M	June 21, 2019	June 20, 2022	March 22, 2017	2,000	0%	2,000	0%	
Independent Director	R.O.C	Lo-Yu Yen	M	June 21, 2019	June 20, 2022	June 24, 2016	0	0%	0	0%	
Independent Director	R.O.C	JenRan Chen	M	June 21, 2019	June 20, 2022	June 24, 2016	0	0%	0	0%	
Independent Director	R.O.C	Yu-Fen Lin	F	June 21, 2019	June 20, 2022	June 23, 2017	0	0%	0	0%	
Independent Director	R.O.C	Chung-Chin Lu	M	June 21, 2019	June 20, 2022	June 15, 2018	0	0%	0	0%	
Independent Director	R.O.C	Yi-Chin Tu	M	June 21, 2019	June 20, 2022	June 21, 2019	0	0%	0	0%	

As of February 28, 2021

	Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major Experience & Education (Note 3)	Other Position	Executives, Directors or Supervisors who are Spouses or within Two Degrees of Kinship			Remarks (Note 4)
	Shares	%	Shares	%			Title	Name	Relation	
	0	0%	0	0%	-	-	-	-	-	-
	0	0%	0	0%	Chairman and Chief Executive Officer, Chunghwa Telecom Co., Ltd. Master, Business Administration, National Taiwan University	Chairman & CEO, Chunghwa Telecom Co., Ltd. Director, Industrial Technology Research Institute	-	-	-	-
	0	0%	0	0%	President, Chunghwa Telecom Co., Ltd. Master, Accounting, National Chengchi University	President, Chunghwa Telecom Co., Ltd. Director, Cornerstone Ventures Co., Ltd.	-	-	-	-
	0	0%	0	0%	Director, Department of Accounting, MOTC Master, Accounting, National Taiwan University	Supervisor, Taiwan International Ports Corp.	-	-	-	-
	0	0%	0	0%	Vice Minister, MOC Master, Economics, National Chengchi University	Director, Memorial Foundation of 228	-	-	-	-
	15,729	0%	0	0%	Professor, Department of Electrical and Computer Engineering, National Yang Ming Chiao Tung University Ph.D., Electrical Engineering, Texas Tech University in Lubbock, Texas, US	Managing Director, Industrial Technology Research Institute	-	-	-	-
	0	0%	0	0%	President of Taiwan Foundation for Democracy Ph.D., Civil and Environmental Engineering, University of California at Berkeley, USA	NA	-	-	-	-
	0	0%	0	0%	Professor, Department of Law, School of Law, Soochow University Ph.D., Law, Soochow University	Independent Director, China Electric Manufacturing Corp.	-	-	-	-
	0	0%	0	0%	Executive Director, Chunghwa Telecom Workers' Union Kaohsiung Industrial High School	Engineer, Kaohsiung Branch, Chunghwa Telecom Co., Ltd.	-	-	-	-
	0	0%	0	0%	Chairman, Entrepreneurs Co-Creation Platform Master, Accounting, National Chengchi University	Independent Director, Sinyi Realty Inc. Independent Director, Qisda Corp., Legal Representative Director, Chinese Television System Inc.	-	-	-	-
	0	0%	0	0%	Executive Board Director, Pixnet Digital Media Technology Co., Ltd. Master, Sociology, National Taiwan University	Independent Director, Ezfly International Travel Agent Co., Ltd. Executive Board Director, Institute for Information Industry (III)	-	-	-	-
	0	0%	0	0%	Managing Partner, Lex & Honor Law Offices Bachelor, Law, National Taiwan University Bachelor, Political Science, National Taiwan University	Independent Director, Bank SinoPac Co., Ltd. Independent Director, ShareHope Medicine Co., Ltd.	-	-	-	-
	0	0%	0	0%	Professor, Electrical Engineering Department, National Tsing Hua University Ph.D., Electrical Engineering, University of Southern California, USA	NA	-	-	-	-
	0	0%	0	0%	Founder of Taiwan AI Labs Master, Computer Science and Information Engineering, National Taiwan University	Director, Taiwan Creative Content Agency	-	-	-	-

Note 1: For institutional shareholder, the name of the institution and the name of its representatives are listed separately, as shown in the table below.
Note 2: Fill in the first time the person served as director or supervisor, please provide explanation for any gaps within the terms of the office.
Note 3: If any of the current and past experiences involve part of the auditing CPA firms or any of the Company affiliates, please provide details for the person's title and responsibilities.
Note 4: When the chairman and the president, or manager of the same level (the executive management), are the same person, or a spouse or relative, there should be a clear explanation on the reason, rationale, necessity, countermeasures and other relevant information.

Table 1: Major Shareholders of Chunghwa Telecom's Institutional Shareholders

As of February 28, 2021

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders
Ministry of Transportation and Communications, or MOTC	NA

(2) Director Independence

As of February 28, 2021

Criteria / Name (Note1)	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note 2)												Number of Other Public Companies in which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Chi-Mau Sheih	-	-	V	-	V	V	V	V	V	V	V	V	V	V	-	0
Shui-Yi Kuo	-	V	V	-	-	V	V	V	V	V	V	V	V	V	-	0
Shin-Yi Chang	V	-	V	V	V	V	V	-	V	V	V	V	V	V	-	0
Lien-Chuan Lee	V	V	V	V	V	V	V	V	V	V	V	V	V	V	-	0
Sin-Horng Chen	V	V	V	V	V	V	V	V	V	V	V	V	V	V	-	0
Yu-Lin Huang	V	-	V	V	V	V	V	V	V	V	V	V	V	V	-	0
Hung-Yi Hsiao	V	-	V	V	V	V	V	V	V	V	V	V	V	V	-	1
Chin-Tsai Pan	-	-	V	-	V	V	V	V	V	V	V	V	V	V	-	0
Lo-Yu Yen	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	2
JenRan Chen	-	-	V	V	V	V	V	V	V	V	V	V	V	V	V	1
Yu-Fen Lin	-	V	V	V	V	V	V	V	V	V	V	V	V	V	V	2
Chung-Chin Lu	V	-	V	V	V	V	V	V	V	V	V	V	V	V	V	0
Yi-Chin Tu	-	-	V	V	V	V	V	V	V	V	V	V	V	V	V	0

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
11. Not been a person of any conditions defined in Article 30 of the Company Law.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

(3) Director Overall Qualifications

The overall qualifications and implementation of the diversity policy of the Board of Directors

Criteria / Name	Gender	An employee/ management of the Company	Age	Communication Industry experience (Years)	The date of the appointment as a director	Operational Judgment	Crisis Management	Leadership
Chi-Mau Sheih	M	V	61~70	45	2017.1.4	V	V	V
Shui-Yi Kuo	M	V	51~60	20	2019.4.26	V	V	V
Shin-Yi Chang	M		61~70	3.4	2019.6.21	V	V	V
Lien-Chuan Lee	M		51~60	1.6	2019.9.16	V	V	V
Sin-Horng Chen	M		61~70	43	2019.6.21	V	V	V
Yu-Lin Huang	M		51~60	2.2	2019.2.13	V	V	V
Hung-Yi Hsiao	M		41~50	1.8	2019.6.21	V	V	V
Chin-Tsai Pan	M	V	51~60	42	2017.3.22	V	V	V
Lo-Yu Yen	M		61~70	4.8	2016.6.24	V	V	V
JenRan Chen	M		61~70	23	2016.6.24	V	V	V
Yu-Fen Lin	F		41~50	3.8	2017.6.23	V	V	V
Chung-Chin Lu	M		61~70	32	2018.6.15	V	V	V
Yi-Chin Tu	M		41~50	26	2019.6.21	V	V	V

＊ indicates partial competencies

Note: Directors as employees of the Company account for 23% of the board, independent directors account for 38% of the board, and female director accounts for 8% of the board.

2.2 Profiles of President, Senior Executive Vice Presidents, Vice Presidents, Assistant Vice Presidents, Senior Directors and Department Heads

Title (Note 1)	Nationality	Name	Gender	Effective Date	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement	
					Shares	%	Shares	%	Shares	%
President	R.O.C.	Shui-Yi Kuo	M	May 8, 2019	35,000	0.00%	0	0.00%	0	0.00%
Senior Executive Vice President	R.O.C.	Hong-Chan Ma	M	August 10, 2018	0	0.00%	0	0.00%	0	0.00%
Senior Executive Vice President	R.O.C.	Rong-Shy Lin	M	June 30, 2020	1,361	0.00%	39,000	0.00%	0	0.00%
Senior Executive Vice President	R.O.C.	Wei-Kuo Hong	M	June 30, 2020	0	0.00%	0	0.00%	0	0.00%
Senior Executive Vice President and Chief financial officer	R.O.C.	Yu-Shen Chen	M	September 1, 2020	100,000	0.00%	0	0.00%	0	0.00%
Vice President	R.O.C.	Hui-Chen Wei	F	January 4, 2021	0	0.00%	0	0.00%	0	0.00%

	Decision-Making	Industry Experiences	Operational Management	Accounting & Finance	Legal	Global market perspective	Risk Management & Audit Capabilities	Information and Communication Technology
	V	V	V	V		V	V	V
	V	V	V	V		V	V	V
	V	V	V	V		V	V	*
	V	V	V	V		V	V	*
	V	V	V	*		V	V	V
	V	V	V	V		V	V	*
	V	V	*	*	V	*	*	*
	V	V	V	*		V	*	V
	V	V	V	V		V	V	V
	V	V	V	V		V	V	V
	V	V	V	V	V	V	V	*
	V	V	V	*		V	V	V
	V	V	V	V		V	V	V

As of February 28, 2021

	Major Experience & Education (Note 2)	Other Position	Officers who are Spouses or within Two Degrees of Kinship			Remarks (Note 3)
			Title	Name	Relation	
	Senior Executive Vice President and Chief Financial Officer, Chunghwa Telecom Master, Accounting, National Chengchi University	Director of Cornerstone Ventures Co., Ltd	-	-	-	-
	President, Data Communications Business Group, Chunghwa Telecom Master, Management Science, National Chiao Tung University	Director of CHIEF Telecom Inc. Chairman of Chunghwa Sochamp Technology Inc. Director of CHT Security Co., Ltd. Director of Next Commercial Bank Co., Ltd.	-	-	-	-
	President, Data Communications Business Group, Chunghwa Telecom Ph.D., Computer Science, National Chiao Tung University	Director of Taiwan International Standard Electronics Co., Ltd. Director of Chunghwa Investment Co., Ltd. Director of Next Commercial Bank Co., Ltd.	-	-	-	-
	President, Telecommunication Training Institute, Chunghwa Telecom Ph.D., Industrial Administration, National Tsing Hua University	Director of Light Era Development Co., Ltd. Director of Taipei Financial Center Corp. Director of Chunghwa SEA Holdings Chairman of Taiwan Telecommunications Association Chairman of International Telecommunications Development Company	-	-	-	-
	Professor of Accounting at National Chengchi University Ph.D., Accounting, State University of New York at Buffalo, USA	Director of Taiwania Capital Buffalo Fund Co., Ltd. Supervisor of Taiwan Corporate Governance Association	-	-	-	-
	Assistant Vice President, Digital Convergence Business Department, Chunghwa Telecom Bachelor, Law, Fu Jen Catholic University	Supervisor of Light Era Development Co., Ltd. Supervisor of Chunghwa Telecom Vietnam Co., Ltd.	-	-	-	-

Title (Note 1)	Nationality	Name	Gender	Effective Date	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		
					Shares	%	Shares	%	Shares	%	
Vice President	R.O.C.	Shu-Ling Chen	F	September 30, 2017	152	0.00%	0	0.00%	0	0.00%	
Vice President	R.O.C.	Shih-Chung Chang	M	March 1, 2017	0	0.00%	0	0.00%	0	0.00%	
Vice President	R.O.C.	Yuan-Kai Chen	M	November 27, 2020	22,075	0.00%	0	0.00%	0	0.00%	
Vice President	R.O.C.	Shih-Mo Leu	F	September 17, 2019	38,594	0.00%	0	0.00%	0	0.00%	
Vice President	R.O.C.	Chun-Te Lee	M	July 18, 2019	4	0.00%	0	0.00%	0	0.00%	
Vice President	R.O.C.	Shui-Mu Chiang	M	January 4, 2021	0	0.00%	0	0.00%	0	0.00%	
Vice President	R.O.C.	Wen-Wang Tseng	M	January 1, 2015	2,603	0.00%	1,547	0.00%	0	0.00%	
Vice President	R.O.C.	Jeu-Yih Jeng	M	December 25, 2018	33,816	0.00%	1,000	0.00%	0	0.00%	
Vice President	R.O.C.	Chih-Hsiung Huang	M	November 27, 2020	3,612	0.00%	0	0.00%	0	0.00%	
Vice President	R.O.C.	Chung-Yung Kang	M	January 2, 2020	79	0.00%	0	0.00%	0	0.00%	
Vice President	R.O.C.	Wen-Chih Lin	M	December 31, 2020	0	0.00%	0	0.00%	0	0.00%	
Vice President	R.O.C.	Rong-Yih Chen	M	January 2, 2019	0	0.00%	0	0.00%	0	0.00%	
Vice President	R.O.C.	I-Fang Wu	F	November 27, 2020	21,136	0.00%	0	0.00%	0	0.00%	
Vice President	R.O.C.	Mao-Sing Lin	M	June 30, 2020	0	0.00%	43,052	0.00%	0	0.00%	
Assistant Vice President	R.O.C.	Ya-Chien Hsueh	F	January 29, 2019	0	0.00%	0	0.00%	0	0.00%	
Assistant Vice President	R.O.C.	Lii-Jia Guo	M	March 1, 2018	2,448	0.00%	0	0.00%	0	0.00%	
Assistant Vice President	R.O.C.	Fu-Fu Shen	F	February 24, 2015	9,840	0.00%	0	0.00%	0	0.00%	

	Major Experience & Education (Note 2)	Other Position	Officers who are Spouses or within Two Degrees of Kinship			Remarks (Note 3)
			Title	Name	Relation	
	Assistant Vice President, Accounting Department, Chunghwa Telecom Bachelor, Accounting, Soochow University	Director of Taiwan Telecommunications Association Supervisor of CHT Security Co., Ltd. Supervisor of Chunghwa SEA Holdings	-	-	-	-
	Special Assistant of Chairman, YeaShin International Master, Political Science, Soochow University	Supervisor of Taiwan International Standard Electronics Co., Ltd. Director of Taipei Financial Center Corp. Chairman of CHYP Multimedia Marketing & Communications Co., Ltd. Chairman of Clickforce Corp.	-	-	-	-
	Assistant Vice President, Investment Department, Chunghwa Telecom Ph.D., Computer Science, National Chiao Tung University	Director of Chunghwa System Integration Co., Ltd. Director of Chunghwa Investment Co., Ltd. Supervisor of CHYP Multimedia Marketing & Communications Co., Ltd. Director of Cornerstone Ventures Co., Ltd. Director of Chunghwa Hsingta Co., Ltd. Director of Prime Asia Investments Group Ltd. Director of International Integrated System, Inc. Director of Chunghwa SEA Holdings	-	-	-	-
	Assistant Vice President, Human Resource Department, Chunghwa Telecom Master, Business and Management, National Chiao Tung University	Director of Honghwa International Co., Ltd. Director of Taiwan Telecommunications Association	-	-	-	-
	Managing Director, Administration Management Department, Northern Taiwan Business Group, Chunghwa Telecom Master, Information Management, Yuan Ze University	President of Light Era Development Co., Ltd. Director of Taiwan Telecommunications Association Director of International Telecommunications Development Company	-	-	-	-
	Assistant Vice President, Supply Department , Chunghwa Telecom Master, Electronics, National Chiao Tung University	None	-	-	-	-
	Vice President, Occupational Safety & Health Department, Chunghwa Telecom Master, Safety Health and Environment Engineering, National Yunlin University of Science and Technology	None	-	-	-	-
	Assistant Vice President, Information Technology Department, Chunghwa Telecom Ph.D., Computer Science, National Chiao Tung University	Director of Chunghwa System Integration Co., Ltd.	-	-	-	-
	Assistant Vice President, Corporate Planning Department, Chunghwa Telecom Ph.D., Electrical Engineering, National Central University	None	-	-	-	-
	Assistant Vice President, Network Department, Chunghwa Telecom Master, Information Management, National Taiwan University	Director of Honghwa International Co., Ltd. Director of So-net Entertainment Taiwan Limited Director of Taiwan International Standard Electronics Co., Ltd.	-	-	-	-
	Vice President of Northern Taiwan Business Group, Chunghwa Telecom Master, Automatic Control Engineering, Feng Chia University	Chairman of Smartfun Digital Co., Ltd. Director of Spring House Entertainment Tech. Inc. Director of Honghwa International Co., Ltd. Director of Skysoft Co., Ltd. Director of Senao International Co., Ltd.	-	-	-	-
	Assistant Vice President, Corporate Planning Department, Chunghwa Telecom Ph.D., Electrical Engineering, National Tsing Hua University	Director of Honghwa International Co., Ltd.	-	-	-	-
	Assistant Vice President, Cyber Security Department, Chunghwa Telecom Master, Operation Research, State University of New York at Stony Brook, USA	None	-	-	-	-
	Vice President, Taoyuan Branch, Chunghwa Telecom Master, Business and Management, National Chiao Tung University	None	-	-	-	-
	Executive Law Director, HTC Corporation Master, Law, Washington University in St. Louis, USA	Supervisor of Taiwan Telecommunications Association	-	-	-	-
	Managing Director, Accounting Department, Southern Taiwan Business Group, Chunghwa Telecom, Supplementary Open Junior College For Public Administration National Chengchi University	Supervisor of Chunghwa Investment Co., Ltd. Supervisor of Cornerstone Ventures Co., Ltd Supervisor of Clickforce Corp.	-	-	-	-
	Senior Director, Public Affairs Department, Chunghwa Telecom Master, Information System Technology, Indiana University, USA	None	-	-	-	-

Title (Note 1)	Nationality	Name	Gender	Effective Date	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		
					Shares	%	Shares	%	Shares	%	
Assistant Vice President	R.O.C.	Ze-Run Liu	M	September 17, 2019	0	0.00%	0	0.00%	0	0.00%	
Assistant Vice President	R.O.C.	Ching-Hsu Wang	M	May 1, 2019	20,056	0.00%	2,424	0.00%	0	0.00%	
Assistant Vice President	R.O.C.	Petrina Chong	F	August 31, 2015	0	0.00%	0	0.00%	0	0.00%	
Assistant Vice President	R.O.C.	Vincent Chen	M	November 6, 2017	0	0.00%	0	0.00%	0	0.00%	
Assistant Vice President	R.O.C.	Shih-Yuan Lin	F	January 4, 2021	56,304	0.00%	0	0.00%	0	0.00%	
Assistant Vice President	R.O.C.	Wen-Ming Chuang	M	August 14, 2018	136	0.00%	0	0.00%	0	0.00%	
Assistant Vice President	R.O.C.	Shu-Ling Chen	F	March 16, 2018	1,000	0.00%	0	0.00%	0	0.00%	
Assistant Vice President	R.O.C.	Yeh-Chin Ho	M	August 27, 2019	37,228	0.00%	0	0.00%	0	0.00%	
President of Branch	R.O.C.	Jason Hsu	M	January 1, 2020	42,488	0.00%	0	0.00%	0	0.00%	
President of Branch	R.O.C.	Ben-Yuan Chang	M	May 18, 2020	0	0.00%	0	0.00%	0	0.00%	
President of Branch	R.O.C.	Jinun-Jye Lee	M	February 28, 2018	0	0.00%	0	0.00%	0	0.00%	
President of Branch	R.O.C.	Nien-Yee Liu	F	February 24, 2017	30,092	0.00%	0	0.00%	0	0.00%	
President of Branch	R.O.C.	Jing-Ming Chen	M	January 1, 2020	5,588	0.00%	0	0.00%	0	0.00%	
President of Branch	R.O.C.	Huan Hsing Chen	M	January 1, 2021	94	0.00%	0	0.00%	0	0.00%	
President of Branch	R.O.C.	Shih-Chieh Chang	M	July 13, 2020	0	0.00%	0	0.00%	0	0.00%	
President of Branch	R.O.C.	Yung-Hua Chou	M	June 30, 2020	216	0.00%	0	0.00%	0	0.00%	
President of Business Group	R.O.C.	I-Feng Chang	M	August 22, 2019	27,692	0.00%	0	0.00%	0	0.00%	
President of Branch	R.O.C.	Chio-Fu Lai	M	May 5, 2017	10,510	0.00%	0	0.00%	0	0.00%	

	Major Experience & Education (Note 2)	Other Position	Officers who are Spouses or within Two Degrees of Kinship			Remarks (Note 3)
			Title	Name	Relation	
	Managing Director, Human Resource Department of Southern Taiwan Business Group, Chunghwa Telecom Bachelor, Transportation and Communication Management Science, National Cheng Kung University	None	-	-	-	-
	Senior Director, Corporate Planning Department, Chunghwa Telecom Ph.D., Applied Physics, National Chiao Tung University	None	-	-	-	-
	Senior Director, Global Integrated Marketing Communication Center & EC Head Master, Technology Management, National Chengchi University	None	-	-	-	-
	Senior Manager, Enterprise Innovation Office, Data Communications Business Group, Chunghwa Telecom Master, Business Administration, Strayer College, USA	Director of CHYP Multimedia Marketing & Communications Co., Ltd. Director of Senao International Co., Ltd.	-	-	-	-
	Senior Director, Marketing Department, Chunghwa Telecom Master, Electronic Calculator, West Virginia University, USA	Director of Smartfun Digital Co., Ltd. Director of CHYP Multimedia Marketing & Communications Co., Ltd.	-	-	-	-
	Senior Director, Customer Service Department, Chunghwa Telecom Master, Management Science, National Chiao Tung University	None	-	-	-	-
	Vice President, Chairman Office, Chunghwa Telecom Bachelor, English Language, Fu Jen Catholic University	None	-	-	-	-
	Managing Director, Convergence Services Laboratory, Telecommunication Laboratories, Chunghwa Telecom Ph.D., Computer Science, National Chiao Tung University	None	-	-	-	-
	President, Hsinchu Branch, Chunghwa Telecom Associate, Mechanical Engineering, Provincial Taipei Institute of Technology	None	-	-	-	-
	Vice President, New Taipei Branch, Chunghwa Telecom Ph.D., Computer Science, National Chiao Tung University	None	-	-	-	-
	Managing Director, Enterprise Business Department, Northern Taiwan Business Group, Chunghwa Telecom Associate, Electrical Engineering, Provincial Taipei Institute of Technology	None	-	-	-	-
	Vice President, Taoyuan Branch, Chunghwa Telecom Bachelor, MBA Program, National Chengchi University	None	-	-	-	-
	Vice President, Taipei Branch, Chunghwa Telecom Bachelor, Ph.D., Electrical Engineering, National Taiwan University	None	-	-	-	-
	Vice President, Miaoli Branch, Chunghwa Telecom Master, Communications National Chiao Tung University	None	-	-	-	-
	Vice President, Taipei Branch, Chunghwa Telecom Associate, Electrical Engineering, Provincial Taipei Institute of Technology	None	-	-	-	-
	Managing Director, Marketing Department, Northern Taiwan Business Group, Chunghwa Telecom Master, Applied Science and Technology, National Taiwan Institute of Technology	None	-	-	-	-
	Chairman, Honghwa International Corporation Master, Applied Science and Technology, National Taiwan Institute of Technology	Director of Honghwa International Co., Ltd. Director of Senao International Co., Ltd.	-	-	-	-
	President, Changhua Branch, Chunghwa Telecom Electronic Engineering, Chin-Yi Junior College of Industry	None	-	-	-	-

Title (Note 1)	Nationality	Name	Gender	Effective Date	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		
					Shares	%	Shares	%	Shares	%	
President of Branch	R.O.C.	Chin-Tu Lin	M	May 11, 2018	577	0.00%	0	0.00%	0	0.00%	
President of Branch	R.O.C.	Tang Chang	M	April 23, 2019	2,000	0.00%	0	0.00%	0	0.00%	
President of Branch	R.O.C.	Wen-Tu Chang	M	August 14, 2019	0	0.00%	0	0.00%	0	0.00%	
President of Branch	R.O.C.	Ching-Chuan Wang	M	July 7, 2020	85,000	0.00%	35,000	0.00%	0	0.00%	
President of Branch	R.O.C.	Chia-Hsing Li	M	July 7, 2020	44,048	0.00%	0	0.00%	0	0.00%	
President of Branch	R.O.C.	Yung-Chien Mao	M	February 1, 2018	30,192	0.00%	0	0.00%	0	0.00%	
President of Branch	R.O.C.	Hsi-Sheng Cheng	M	November 13, 2019	42,428	0.00%	0	0.00%	0	0.00%	
President of Business Group	R.O.C.	Li-Show Wu	F	January 1, 2019	32,964	0.00%	0	0.00%	0	0.00%	
President of Business Group	R.O.C.	Chih-Cheng Chien	M	January 1, 2021	19,600	0.00%	0	0.00%	0	0.00%	
President of Branch	R.O.C.	Kuo-Chi Huang	M	January 1, 2019	4,252	0.00%	0	0.00%	0	0.00%	
President of Branch	R.O.C.	Chin-Kun Lin	M	May 5, 2017	265	0.00%	0	0.00%	0	0.00%	
President of Branch	R.O.C.	Jung-Chin Kung	M	June 30, 2020	688	0.00%	0	0.00%	0	0.00%	
President of Business Group	R.O.C.	Hsueh-Lan Wu	F	November 15, 2018	18,000	0.00%	0	0.00%	0	0.00%	
President of Business Group	R.O.C.	Chau-Young Lin	M	June 30, 2020	12,888	0.00%	0	0.00%	0	0.00%	

Note 1: Shall include profiles of President, Executive Vice President, Vice President, Department Heads, or any other equivalent positions within the Company.
Note 2: If any of the current and past experiences involve part of the auditing CPA firms or any of the Company affiliates, please provide details for the person's title and responsibilities.
Note 3: When the chairman and the president, or manager of the same level (the executive management), are the same person, or a spouse or relative, there should be a clear explanation as to the reason, rationale, necessity, measures for future improvement, and other relevant information.
Note 4: The above chart includes the Company's President, Senior Executive Vice Presidents, Vice Presidents, Assistant Vice Presidents and Presidents of Level 1/2 branches.
Note 5: Ms. Ya-Chien Hsueh, Assistant Vice President of Legal Affairs, concurrently serves as the Company's corporate governance manager since January 1, 2021.

	Major Experience & Education (Note 2)	Other Position	Officers who are Spouses or within Two Degrees of Kinship			Remarks (Note 3)
			Title	Name	Relation	
	President, Yunlin Branch, Chunghwa Telecom Master, Human Resources and Public Relations, Da-Yeh University	None	-	-	-	-
	Senior Engineer, Vice President Office of Taichung Branch, Chunghwa Telecom Master, Management, Chung Hua University	None	-	-	-	-
	Vice President, Nantou Branch, Chunghwa Telecom Master, Information Management, National Yunlin University of Science and Technology	None	-	-	-	-
	President, Chiayi Branch, Chunghwa Telecom Master, Business Administration, National Cheng Kung University	None	-	-	-	-
	Vice President, Taichung Branch, Chunghwa Telecom Master, Computer Science University of Iowa, USA	None	-	-	-	-
	Managing Director, Marketing Department, Southern Taiwan Business Group, Chunghwa Telecom Master, Business Management, National Sun Yat-Sen University	None	-	-	-	-
	Director, Design & Planning Department, Southern Taiwan Business Group, Chunghwa Telecom Master, Computer and Communication Engineering, National Kaohsiung University of Science and Technology	None	-	-	-	-
	Chairman, Honghwa International Corporation Master, Applied Mathematics, National Chiao Tung University	Director of International Integrated System, Inc. Director of CHT Security Co., Ltd. Director of Next Commercial Bank Co., Ltd.	-	-	-	-
	President, Telecommunication Training Institute, Chunghwa Telecom Ph.D., Engineering Technology, National Taiwan Institute of Technology	Chairman of Chunghwa Telecom Singapore Pte. ,Ltd. Director of Senao International Co., Ltd. Director of Chunghwa Telecom (China), Co., Ltd Director of Tatung Technology Incoproration	-	-	-	-
	Managing Director, Engineering Department, Mobile Business Group, Chunghwa Telecom Master, Electronic Engineering Technology, National Central University	None	-	-	-	-
	Vice President, Taichung Branch (Mobile), Chunghwa Telecom Master, Applied Mathematics, National Chung Hsing University	None	-	-	-	-
	Vice President, Kaohsiung Branch (Mobile), Chunghwa Telecom Master, Business and Management, National Chiao Tung University	None	-	-	-	-
	Vice President, Enterprise Business Group, Chunghwa Telecom Master, Information Management, National Taiwan University	Chairman of Chunghwa Telecom Vietnam Co., Ltd. Chairman of Chunghwa Telecom Global, Inc. Chairman of Chunghwa Telecom (Thailand) Co., Ltd. Director of VIETTEL-CHT Company Ltd. Chairman/President of Chunghwa SEA Holdings	-	-	-	-
	Senior Executive Vice President Chunghwa Telecom, Ph.D., Electronic and Computer Engineering, National Taiwan University of Science and Technology	Chairman of International Integrated System, Inc. Chairman of Light Era Development Co., Ltd. Director of CHT Security Co., Ltd. Director of Chunghwa Precision Test Tech. Co., Ltd	-	-	-	-

3. 2020 Compensation of Directors (including Independent Director), President, Senior Executive Vice Presidents and Other Management Officers

3.1 Compensation of Directors (including Independent Directors)

Title		Name	Compensation to Directors								Total Compensation (A+B+C+D) to Net Income (%) (Note 10)	
			Base Compensation (A) (Note 2)		Pension / Severance (B)		Directors Compensation (C) (Note 3)		Professional Fee (D) (Note 4)			
			Parent-only	Consolidated (Note 7)	Parent-only	Consolidated (Note 7)	Parent-only	Consolidated (Note 7)	Parent-only	Consolidated (Note 7)	Parent-only	Consolidated
Directors	Chairman	Chi-Mau Sheih	926,823	926,823	-	-	35,803,428	35,803,428	35,000	35,000	0.11%	0.11%
	Director	Shui-Yi Kuo										
	Director	Shin-Yi Chang										
	Director	Lien-Chuan Lee										
	Director	Sin-Horng Chen										
	Director	Yu-Lin Huang										
	Director	Hung-Yi Hsiao										
	Director	Chin-Tsai Pan										
Independent Director		Lo-Yu Yen	3,600,000	3,600,000	-	-	-	-	680,000	680,000	0.01%	0.01%
Independent Director		JenRan Chen										
Independent Director		Yu-Fen Lin										
Independent Director		Chung-Chin Lu										
Independent Director		Yi-Chin Tu										

A. Please explain the policy, system, standards, and structure of independent directors' compensation, and describe the correlation with the amount of compensation based on responsibilities, risks, working hours, etc.: The compensation of independent directors of the Company is processed in accordance with the resolution of the 5th meeting of the 7th Board of Directors of the Company, and the amount of fixed part-time compensation and business execution expenses are paid separately according to position ; the independent directors of the Company do not participate in the distribution of Directors' compensation.

* Information on directors and independent directors are listed separately by position.

Compensation as Concurrent Employees									Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 10)		Compensation from investees other than subsidiaries or the Parent Company (Note 11)
	Salary, Bonuses, and Allowances (E) (Note 5)		Pension / Severance (F)		Employee Compensation (G) (Note 6)						
	Parent-only	Consolidated (Note 7)	Parent-only	Consolidated (Note 7)	Parent-only		Consolidated (Note 7)		Parent-only	Consolidated	
					Cash	Stock	Cash	Stock			
	18,013,365	18,013,365	0	0	-	-	-	-	0.16%	0.16%	-
	-	-	-	-	-	-	-	-	0.01%	0.01%	-

B. Compensation to Directors providing service to entities within the Company's most recent financial reporting period (such as serving as non-employee consultants), in addition to compensation disclosed in the above table: None

Compensation Range

Range of Compensation	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	Parent-only (Note 8)	Consolidated (Note 9) H	Parent-only (Note 8)	Consolidated (Note 9) I
Less than NT$1,000,000	Shin-Yi Chang, Lien-Chuan Lee, Sin-Horng Chen, Yu-Lin Huang, Hung-Yi Hsiao, Lo-Yu Yen, JenRan Chen, Yu-Fen Lin, Chung-Chin Lu, Yi-Chin Tu	Shin-Yi Chang, Lien-Chuan Lee, Sin-Horng Chen, Yu-Lin Huang, Hung-Yi Hsiao, Lo-Yu Yen, JenRan Chen, Yu-Fen Lin, Chung-Chin Lu, Yi-Chin Tu	Shin-Yi Chang, Lien-Chuan Lee, Sin-Horng Chen, Yu-Lin Huang, Hung-Yi Hsiao, Lo-Yu Yen, JenRan Chen, Yu-Fen Lin, Chung-Chin Lu, Yi-Chin Tu	Shin-Yi Chang, Lien-Chuan Lee, Sin-Horng Chen, Yu-Lin Huang, Hung-Yi Hsiao, Lo-Yu Yen, JenRan Chen, Yu-Fen Lin, Chung-Chin Lu, Yi-Chin Tu
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)			Chin-Tsai Pan	Chin-Tsai Pan
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)				
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)				
NT$ 5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)			Chi-Mau Sheih, Shui-Yi Kuo	Chi-Mau Sheih, Shui-Yi Kuo
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)				
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)				
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)				
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)				
Over NT$100,000,000				
Total				

Note 1: Excluding the independent directors of the Company, all other directors are representatives of the MOTC, the legal shareholding entity of the Company. All directors' names are listed separately by position, including by director and independent director, and compensation is disclosed as summaries. Mr. Shui-Yi Kuo, Director and President, is listed under " Compensation of the President, Senior Executive Vice President, Subsidiary President, and Department Heads."

Note 2: Refers to directors' fixed part-time compensation in fiscal year 2020.

Note 3: Refers to the amount of compensation for the fiscal year 2020, approved by the Board of Directors in the most recent year and distributed to MOTC, the legal shareholding entity represented by the respective directors, not as personal compensation. Independent directors did not participate in the allocation.

Note 4: Refers to directors' related business execution expenses for fiscal year 2020 (including traveling expenses, etc.)

Note 5: Refers to directors who also concurrently work as employees of the Company (including serving as President, Senior Executive Vice President, other manager or employees) in fiscal year 2020, and received salaries, commissions, severance payments, and different types of bonuses, rewards, travel expenses, special expenses, allowances, etc. The Company does not have share-based compensation as per IFRS 2, including employee stock option certificate, restricted stock, cash-based share subscription, etc.

Note 6: Refers to directors who also concurrently work as employees of the Company (including serving as President, Senior Executive Vice President, other manager or employees) in fiscal year 2020, and has received employee compensation (including stock and cash). These compensations as approved by the Board of Directors must be fully disclosed.

Note 7: Fully discloses the total amount of various director compensation items on a consolidated basis.

Note 8: Fully discloses directors' names in the compensation range table in accordance to the different compensation amounts of the respective directors.

Note 9: Fully discloses the total amount of various director compensation items on a consolidated basis; fully discloses directors' names in the compensation range table in accordance to the different compensation amounts of the respective directors.

Note 10: Net income for the year refers to net income on the 2020 parent-only financial report.

Note 11: a. This column shall clearly state the amount of compensation that Company directors received from investee Companies or the parent company (if none, please state "None").

b. If Company directors have received compensation from investee companies or the parent company, then such compensation shall be included in the compensation range table in column I, and the column heading shall be changed to "Parent and All Investee Companies".

c. Compensation refers to Company directors' compensation related to salaries, rewards (including compensation as employees, or directors, or supervisors), and business execution expenses earned while serving as directors, supervisors, managers, etc., of investee companies.

*The table above is for compensation disclosure only, and is different for taxable income, so the table cannot be used for taxable income purpose.

3.2 Compensation of President, Senior Executive Vice President, Senior Directors

Title	Name	Salary (A) (Note 2)		Pension / Severance (B)		
		Parent-only	Consolidated (Note 5)	Parent-only	Consolidated (Note 5)	
President	Shui-Yi Kuo	22,403,844	26,618,023	7,624,830	7,624,830	
Senior Executive Vice President	Hong-Chan Ma					
	Rong-Shy Lin (succeeded on June 30, 2020)					
	Kuo-Feng Lin (dismissed on June 30, 2020)					
	Wei-Kuo Hong (succeeded on June 30, 2020)					
	Yu-Shen Chen (succeeded on September 30, 2020)					
President of Business Group	Yuan-Kuang Tu					
	Yi-Fong Chang					
	Li-Show Wu					
	Ming-Shih Chen					
	Hsueh-Lan Wu					
	Chau-Young Lin (succeeded on June 30, 2020)					
President	Chih-Cheng Chien (succeeded on June 30, 2020)					

Compensation Range

Range of Compensation	Name of President, Senior Executive Vice President and Senior Directors	
	The Company (Note 6)	All Investee Companies and the Parent Company (Note 7) E
Less than NT$1,000,000		
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	Yu-Shen Chen	Yu-Shen Chen
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)		
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	Hong-Chan Ma, Wei-Kuo Hong, Yi-Fong Chang, Li-Show Wu, Ming-Shih Chen, Hsueh-Lan Wu, Chau-Young Lin, Chih-Cheng Chien	Wei-Kuo Hong, Yi-Fong Chang, Ming-Shih Chen, Hsueh-Lan Wu, Chih-Cheng Chien
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	Shui-Yi Kuo, Kuo-Feng Lin, Rong-Shy Lin, Yuan-Kuang Tu	Shui-Yi Kuo, Hong-Chan Ma, Kuo-Feng Lin, Rong-Shy Lin, Yuan-Kuang Tu, Li-Show Wu, Chau-Young Lin
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)		
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)		
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)		
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)		
Over NT$100,000,000		
Total		

Unit: NT$

	Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Total Compensation (A+B+C+D) to Net Income (%) (Note 8)		Compensation from Investees other than Subsidiaries Or Parent Company (Note 9)
	Parent-only	Consolidated (Note 5)	Parent-only		Consolidated (Note 5)				
			Cash	Stock	Cash	Stock	Parent-only	Consolidated	
	31,600,490	33,403,363	3,970,000	-	3,970,000	-	0.20%	0.21%	672,000

Note 1: The names of the Company's President, Senior Executive Vice President, and Department Heads shall be listed separately, with summarized compensation amount as disclosed. Mr. Shui-Yi Kuo, Director and President, is listed under " Compensation for Directors (including Independent Directors)".

Note 2: Refers to salary and extra commission disbursed to the Company President, Senior Executive Vice President, and Department Heads in fiscal year 2020.

Note 3: Refers to the different bonuses, rewards, travel expenses, special expenses, and allowances received by the Company President, Senior Executive Vice President, and Department Heads in fiscal year 2020. The Company does not have share-based compensation as per IFRS 2, such as employee stock option certificate, restricted stock, cash-based share subscription, etc.

Note 4: Refers to compensation as approved in the most recent year by the Board of Directors and allocated to the Company President, Senior Executive Vice President, and Department Heads in fiscal year 2020.

Note 5: Fully discloses the total amount of various compensation items on a consolidated basis that are disbursed to the Company President, Senior Executive Vice President, and Department Heads.

Note 6: Fully discloses the Company President, Senior Executive Vice President, and Department Heads names in the compensation range table in accordance to the different compensation amounts of the respective officers.

Note 7: Fully discloses the total amount of various compensation items to the Company President, Senior Executive Vice President, and Department Heads on a consolidated basis; fully discloses respective officers' names in the compensation range table in accordance to the different compensation amounts of the respective officers.

Note 8: Fiscal year net income refers to after-tax income in fiscal year 2020 and on a parent-only basis.

Note 9: a. This column shall clearly state the amount of compensation that Company directors received from investee companies or the parent company (if none, please fill in "None").

b. If Company directors have received compensation from investee companies or the parent company, then such compensation shall be included in the compensation range table in column E, and the column heading shall be changed to "Parent and All Investee Companies".

c. Compensation refers to Company directors' compensation related to salaries, rewards (including compensation as employees, or directors, or supervisors), and business execution expenses earned while serving as directors, supervisors, managers, etc., of investee companies.

* The table above is for compensation disclosure only, and is different from taxable income, so the table cannot be used for taxable income purpose.

3.3 Compensation of Managers

(including top 10 managers names, positions and total compensation amount)

As of December 31, 2020

	Title (Note 1)	Name (Note 1)	Compensation in Stock	Compensation in Cash	Total	Total to Net Income(%)
Managers	Senior Executive Vice President	Hong-Chan Ma	0	16,918,076	16,918,076	0.05%
	Senior Executive Vice President	Kuo-Feng Lin(dismissed on June 30, 2020)				
	Senior Executive Vice President	Rong-Shy Lin(succeeded on June 30, 2020)				
	Senior Executive Vice President	Wei-Kuo Hong(succeeded on June 30, 2020)				
	President and Chief Financial Officer	Yu-Shen Chen(succeeded on September 1, 2020)				
	Vice President	Kuo-Chiang Chung				
	Vice President	Shu-Ling Chen				
	Vice President	Shih-Chung Chang				
	Vice President	Yuan-Kai Chen(succeeded on November 27, 2020)				
	Vice President	Shih-Mo Leu				
	Vice President	Chun-Te Lee				
	Vice President	Wen-Wang Tseng				
	Vice President	Jeu-Yih Jeng				
	Vice President	Chih-Hsiung Huang(succeeded on November 27, 2020)				
	Vice President	Chung-Yung Kang(succeeded on January 2, 2020)				
	Vice President	Ruey-Shu Chiu(dismissed on December 31, 2020)				
	Vice President	Wen-Chih Lin (succeeded on December 31, 2020)				
	Vice President	Rong-Yih Chen				
	Vice President	I-Fang Wu(succeeded on November 27, 2020)				
	Vice President	Wu-Sung Kao(dismissed on June 30, 2020)				
	Vice President	Mao-Sing Lin (succeeded on June 30, 2020)				
	Assistant Vice President	Ya-Chien Hsueh				
	Assistant Vice President	Lii-Jia Guo				
	Assistant Vice President	Fu-Fu Shen				
	Assistant Vice President	Ze-Run Liu				
	Assistant Vice President	Chi-Hsien Huang(dismissed on September 28, 2020)				
	Assistant Vice President	Shui-Mu Chiang (succeeded on August 28, 2020)				
	Assistant Vice President	Ching-Hsu Wang				
	Assistant Vice President	Petrina Chong				
	Assistant Vice President	Vincent Chen				
	Assistant Vice President	Timothy Horng				
	Assistant Vice President	Wen-Ming Chuang				
	Assistant Vice President	Shu-Ling Chen				
	Assistant Vice President	Hui-Chen Wei				

	Title (Note 1)	Name (Note 1)	Compensation in Stock	Compensation in Cash	Total	Total to Net Income(%)
Managers	Assistant Vice President	Yeh-Chin Ho				
	Assistant Vice President	Ru-Kuen Lee				
	President of Business Group	Yuan-Kuang Tu				
	Vice President of Business Group	Zhi-Cheng Luo (succeeded on January 2, 2020)				
	President of Branch	Jason Hsu				
	Vice President of Branch	Chyi-Tian Chiou (dismissed on June 30, 2020)				
	Vice President of Branch	Jimmy Shih (succeeded on July 13, 2020)				
	Vice President of Branch	Victoria Liao				
	Vice President of Branch	Kuan-Chun Hsieh				
	President of Branch	Hung-Chao Tang(dismissed on May 18, 2020)				
	President of Branch	Ben-Yuan Chang(succeeded on May 18, 2020)				
	President of Branch	Chen-Chien Su				
	Vice President of Branch	Ying-Hsueh Wang (succeeded on August 4, 2020)				
	President of Branch	Jinun-Jye Lee				
	Vice President of Branch	Bi-Lian Liu				
	President of Branch	Nien-Yee Liu				
	Vice President of Branch	Po-Ta Tseng (succeeded on July 30, 2020)				
	President of Branch	Jing-Ming Chen (succeeded on January 1, 2020)				
	Vice President of Branch	Song-Hsiung Lin (succeeded on December 15, 2020)				
	President of Branch	Sheng-Haun Chang				
	Vice President of Branch	Huan Hsing Chen				
	President of Branch	Shih-Chieh Chang (succeeded on July 13, 2020)				
	Vice President of Branch	Ling Chao				
	President of Branch	Hung-Liang Yin (dismissed on June 30, 2020)				
	President of Branch	Yung-Hua Chou (succeeded on June 30, 2020)				
	Vice President of Branch	Shi-Zu Liu				
	President of Business Group	I-Feng Chang				
	Vice President of Business Group	Chin-Chun Chang Chien(dismissed on June 30, 2020)				
	Vice President of Business Group	Kuan-Hsiung Liang				
	Vice President of Business Group	Huang-Long Hong (dismissed on June 30, 2020)				
	Vice President of Business Group	Ker-Chih Hwang (succeeded on July 7, 2020)				
	President of Branch	Chio-Fu Lai				
	Vice President of Branch	Ching-Chuan Kuo (succeeded on July 6, 2020)				
	Vice President of Branch	Ruei-Shiuan Chang (succeeded on July 8, 2020)				

	Title (Note 1)	Name (Note 1)	Compensation in Stock	Compensation in Cash	Total	Total to Net Income(%)
Managers	President of Branch	Chin-Tu Lin				
	Vice President of Branch	Tsai-Chen Lan (dismissed on June 30, 2020)				
	Vice President of Branch	Yi-Mao Lin (dismissed on July 6, 2020) (succeeded on August 18, 2020)				
	President of Branch	Tang Chang				
	Vice President of Branch	Chung-Ta Hsieh (succeeded on February 26, 2020)				
	President of Branch	Wen-Tu Chang				
	Vice President of Branch	Mu-Hsiang Lai (succeeded on July 6, 2020)				
	President of Branch	Ching-Chuan Wang				
	Vice President of Branch	Rong-Shuen Huang				
	Vice President of Branch	Ru-Dar Yang (succeeded on July 3, 2020)				
	President of Branch	Chia-Hsing Li (succeeded on July 7, 2020)				
	Vice President of Branch	Chaw-Chia Chang				
	Vice President of Branch	Yu-Chen Tsai (dismissed on June 30, 2020)				
	Vice President of Branch	Jung-Huang Huang				
	Vice President of Branch	Adorn Yeh				
	President of Branch	Yung-Chien Mao				
	Vice President of Branch	Zhong-Xing Yan				
	President of Branch	Hsi-Sheng Cheng				
	President of Business Group	Li-Show Wu				
	Vice President of Business Group	Hui-Fen Lin				
	Vice President of Business Group	Ru-Bin Sun				
	President of Business Group	Ming-Shih Chen				
	Vice President of Business Group	Hsueh-Hai Hu				
	Assistant Vice President of Business Group	Zhong-Yong Jia				
	President of Branch	Kuo-Chi Huang				
	Vice President of Branch	Chi-Huang Su (succeeded on August 18, 2020)				
	President of Branch	Chin-Kun Lin				
	Vice President of Branch	Jen-Shang Lin				
	President of Branch	Der-Shing Rau (dismissed on June 30, 2020)				
	President of Branch	Jung-Chin Kung(succeeded on June 30, 2020)				
	Vice President of Branch	De-Ming Chen				
	President of Business Group	Hsueh-Lan Wu				
	Vice President of Business Group	Chin-Chou Chen (succeeded on December 4, 2020)				
	President of Business Group	Chau-Young Lin (succeeded on June 30, 2020)				
	Vice President of Business Group	Ting-Ming Lin				

	Title (Note 1)	Name (Note 1)	Compensation in Stock	Compensation in Cash	Total	Total to Net Income(%)
Managers	Vice President of Business Group	Quen-Zong Wu				
	Vice President of Telecommunication Laboratories	Jung-Kuei Chen				
	Vice President of Telecommunication Laboratories	Hey-Chyi Young				
	Vice President of Telecommunication Training Institute	Chih-Cheng Chien(succeeded on June 30, 2020)				
	Vice President of Telecommunication Training Institute	Hong-Bin Chiou				

Note 1: Disclose full names and titles, with summarized compensation amount.
Note 2: Refer to key employees' compensation as approved by the Board of Directors for fiscal year 2020. Fiscal year net income refers to after- tax income in fiscal year 2020 and on the parent-only basis.
Note 3: The definitions of managers are in accordance to Security and Future Bureau Regulation 3-0920001301 issued by Financial Supervisory Commission, or FSC on March 27, 2003, and are listed below:
(1) President and equivalent position
(2) Vice President and equivalent position
(3) Assistant Vice President and equivalent position
(4) Financial Manager and equivalent position
(5) Accounting Manager and equivalent position
(6) Other managers with authorization
Note 4: The Company Chairman and President did not receive any employee compensation; Executive Vice President (included) and below officers have received employee compensation.

3.4 Compensation to Directors, President, and Senior Executive Vice President, as Percentage of Net Income for the most recent two years; Compensation Policy, Budget, and Risks

(1) Compensation of Directors, President, Senior Executive Vice President, and Senior Directors, as Percentage of Net Income:

0.35% in fiscal year 2019, 0.35% in fiscal year 2020.

(2) Compensation Policy, Criteria and Composition:

A. As approved by the Board of Directors, directors receive a fixed amount of compensation on a monthly basis and was distributed with directors' compensation according to the Articles of Incorporation; however, independent directors are excluded from the Company's annual compensation program as approved by the Board of Directors.

B. The Chief Executive Officer and President are paid a salary and bonus as approved by the Board of Directors, but not as part of the employees' compensation.

C. The salary of the Senior Executive Vice President, Department Heads, and Senior Directors are determined by the relevant employee compensation policy; bonuses and allowances are determined based on overall corporate performance and the performance of individual departments.

(3) Compensation Budgeting Procedure:

The Compensation Committee shall periodically review and assess compensation packages for the Board of Directors and executive management, which are then approved by the Board of Directors.

(4) Compensation and Performance:

A. The compensation for a Director who is concurrently an employee of other entities is established based on the Company's performance target, financial status, and the director's respective responsibilities.

B. Compensation for management executives, employees, the Chief Executive Officer, and President, is based on each individual's respective expertise and competencies, corporate performance, and financial status. The compensation of the Senior Executive Vice President, Department Heads, and Senior Directors are in accordance to executive performance management and guidelines, and linked to various KPI assessments, such as corporate performance, subordinate unit performance, and personal performance, with the fulfillment of Corporate Social Responsibility as an additional reference point for changing compensation.

(5) Compensation and Risks:

The Company's key strategies are formulated in consideration of various risk assessments. These strategic initiatives shall drive profitability, which are linked to the compensation of the Company's executives. As a result, the compensation of Directors, the Chairman of the Board, the Chief Executive Officer, the Executive Vice President, Department Heads, and Senior Directors are directly related to risk control and management

4. Corporate Governance

4.1 The Operations of the Board of Directors

The Board of Directors convened 7 meetings (A) in fiscal year 2020, of which the attendance is as follows:

Title	Name (Note 1)	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remarks
Director	Chi-Mau Sheih	7	0	100%	
Director	Shui-Yi Kuo	7	0	100%	
Director	Shin-Yi Chang	7	0	100%	
Director	Lien-Chuan Lee	7	0	100%	
Director	Sin-Horng Chen	5	2	71.4%	
Director	Yu-Lin Huang	2	4	28.6%	Absent once
Director	Hung-Yi Hsiao	7	0	100%	
Director	Chin-Tsai Pan	7	0	100%	
Independent Director	Lo-Yu Yen	7	0	100%	
Independent Director	JenRan Chen	7	0	100%	
Independent Director	Yu-Fen Lin	7	0	100%	
Independent Director	Chung-Chin Lu	7	0	100%	
Independent Director	Yi-Chin Tu	6	1	85.7%	

Other Matters of Importance :

1. If any of the following circumstances occur, it is necessary to specify the dates of the board meetings, sessions, contents of motion, all independent directors' opinions, and the Company's responses:
   (1) Matters referred to in Article 14-3 of the Securities and Exchange Act : None
   (2) In addition to item (1), other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors : None
2. Any directors' recusal of a stated proposal must specify the name of the director, the content of the proposal, the reason for the recusal of interest, and the voting status:
   At the 8th meeting of the 9th Board of Directors on August 5, 2020, legal representative directors Chi-Mau Sheih, Shui-Yi Kuo, Shin-Yi Chang, Lien-Chuan Lee, Sin-Horng Chen, Hung-Yi Hsiao, and Chin-Tsai Pan voluntarily recused themselves due to conflicts of interest related to the following case:
   The disposal of the Company's low-return asset to its interested party "Chunghwa Post Co., Ltd."
3. Publicly-listed companies should disclose board self-evaluation (or peer-evaluation) information including cycle, period, scope, method, and content, and should fill in the attached form number two (2), Information Regarding the Implementation of the Evaluation of the Board of Directors.
4. Measures have been taken to strengthen the functioning of the Board of Directors (e.g. establishment of the Audit Committee, increasing transparency) to assist the board in carrying out its various duties; please refer to page 46, Section IV, Part 3.3 "BOARD OF DIRECTORS Composition and Responsibilities"

Note 1: If the director is a juridical contact, the names of the juridical person and their representatives should be disclosed.
Note 2:
1. If a director resigns before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of board meetings and the actual number of attendance during the tenure.
2. Before the end of the year, if any director is re-elected, both new and old directors should be listed, and the remarks column should indicate whether the director is old, new or re-elected and the date of re-election. The actual attendance rate (%) is calculated based on the number of board meetings and the actual number of attendance during the tenure.

(2) Information Regarding the Implementation of the Evaluation of the Board of Directors

Cycle (Note 1)	Period (Note 2)	Scope (Note 3)	Method (Note 4)	Content (Note 5)
Once a year	January 1, 2020 to December 31, 2020	Performance evaluation of the board	Self-evaluation	1. Participation in the operation of the Company; 2. Improvement of the quality of the board of directors' decision making; 3. Composition and structure of the board of directors; 4. Election and continuing education of the directors; and 5. Internal control.
Once a year	January 1, 2020 to December 31, 2020	Performance evaluation of individual directors	Self-evaluation	1. Alignment of the goals and missions of the Company; 2. Awareness of the duties of a director; 3. Participation in the operation of the Company; 4. Management of internal relationship and communication; 5. The director's professionalism and continuing education; and 6. Internal control.
Once a year	January 1, 2020 to December 31, 2020	Performance evaluation of the Audit Committee	Self-evaluation	1. Participation in the operation of the Company; 2. Awareness of the duties of the Audit Committee; 3. Improvement of quality of decisions made by the Audit Committee; 4. Makeup of the Audit Committee and the election of its members; and 5. Internal control.
Once a year	January 1, 2020 to December 31, 2020	Performance evaluation of the Compensation Committee	Self-evaluation	1. Participation in the operation of the Company; 2. Awareness of the duties of the Compensation Committee; 3. Improvement of quality of decisions made by the Compensation Committee; 4. Makeup of the Compensation Committee and the election of its members.
Once a year	January 1, 2020 to December 31, 2020	Performance evaluation of the Corporate Strategy Committee	Self-evaluation	1. Participation in the operation of the Company; 2. Awareness of the duties of the Corporate Strategy Committee; 3. Improvement of quality of decisions made by the Corporate Strategy Committee; 4. Makeup of the Corporate Strategy Committee and the election of its members.

Note 1: Refers to the execution frequency of the board evaluation, for example: once a year.
Note 2: Refers to the period covered by the Board evaluation, for example: evaluating board performance from January 1, 2020, to December 31, 2020.
Note 3: Evaluation scope includes the Board of Directors, individual Board members, and functional committees.
Note 4: Evaluation method includes internal board self-evaluation, evaluation of individual directors, peer-evaluation, evaluation by external professional organizations, experts, and other appropriate methods.
Note 5: The evaluation content includes, at minimum, the following items:
(1) Board of Directors performance evaluation: includes participation in the operation of the Company, improvement of the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors and internal control.
(2) Individual member performance evaluation: includes alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education and internal control.
(3) Functional committee performance evaluation: participation in the operation of the Company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, and makeup of the functional committee and the election of its members and internal control.

4.2 Audit Committee Operation

The Audit Committee convened 7 meetings (A) in fiscal year 2020, of which attendance is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remarks
Independent Director	Lo-Yu Yen	7	0	100%	
Independent Director	JenRan Chen	7	0	100%	
Independent Director	Yu-Fen Lin	7	0	100%	
Independent Director	Chung-Chin Lu	7	0	100%	
Independent Director	Yi-Chin Tu	6	0	86%	Absent once

Other matters of importance:

1. The audit committee is composed of 5 independent directors, who support the Board of Directors in upholding the quality and integrity of the Company through the implementation of relevant accounting, auditing, financial reporting procedures and financial controls.

1. **The Audit Committee held 7 meetings in 2020, in which the primary considerations include:**

(1) Adoption or amendment of internal control systems in accordance to Article 14-1 of the Securities and Exchange Act.

(2) Assessment of the effectiveness of the internal control system.

(3) Adoption or amendment of procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees of others, pursuant to Article 36-1 of the Securities and Exchange Act.

(4) Conflicts of interest on behalf of the directors.

(5) Material asset or derivatives transactions.

(6) Material monetary loans, endorsements, or provisions of guarantee.

(7) The offering, issuance, or private placement of any equity-type securities.

(8) The hiring or dismissal of a CPA, or the compensation given thereto.

(9) The appointment or discharge of a financial, accounting, or internal auditing supervisor.

(10) Annual financial reports.

(11) The matters regulated by the Business Mergers and Acquisitions Act.

(12) The first to the third quarter financial reports.

(13) Communications and discussions with CPAs.

(14) Resolutions of potential differences of opinions between Company management and CPAs.

(15) Discussing and reporting other financial information and required disclosures under the U.S. Securities Exchange Act between Company management and CPAs.

(16) Approving the CPA firm's annual audit and non-audit services.

(17) Any other material matter so required by the Company or relevant authorities.

2. **Review financial reports**

The Board of Directors prepared the 2019 annual operational report, financial statements, and earnings distribution proposals, among which the financial statements have been verified by Deloitte & Touche, and a verification report has been issued. The above-mentioned operational report, financial statement and earnings distribution proposal have been reviewed by the Audit Committee, which found no discrepancies.

3. **Assess the effectiveness of the internal control system**

The audit committee evaluated the effectiveness of the Company's internal control system policies and procedures (including financial, operational, risk management, information security, outsourcing, legal compliance and other control measures), and reviewed the Company's audit department, certified accountants, and management's regular report, including risk management and compliance. In regards to the internal control system-integrated structure of internal controls issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO), the audit committee deems the Company's risk management and internal control systems to be effective, having adopted necessary control mechanisms to monitor and correct violations.

4. **Appoint visa accountant**

The audit committee has the responsibility of supervising the independence of the visa accountant firm to ensure the fairness of the financial statements. With the exception of tax-related services or specially approved items, visa accountant firms cannot provide other services to the Company. The Audit Committee must approve all services provided by the visa accountants. To ensure the independence of the visa accountant firm, the audit committee developed an independent evaluation form that refers to Article 47 of the Accountants Act and the Bulletin of the Professional Ethics of Accountants No. 10, "Integrity, impartiality, objectivity, and independence." The form assesses the independence of accountants, professionalism and competence, related parties, and mutual business or financial interests, in addition to other projects. The 8th meeting of the 9th Audit Committee on November 5, 2020, and the 9th meeting of the 9th Board on November 6, 2020 reviewed and approved Deloitte & Touche Accountants Dien-Sheng Chang and Cheng-Hung Kuo, both of whom met the independence assessment standards and are qualifies to serve as the company's financial tax accountants.

2. Operational status of Audit Committee

Dates of Board Meetings	Contents of Motion	Matters cited in Article 14-5 of the Securities and Exchange Act	Other matters that were not approved by the Audit Committee but were approved by more than two-thirds of all directors
Feb 26, 2020 (9-6)	1. The Company's 2019 Internal Control Statement comply with the domestic regulations and the Sarbanes-Oxley Act.	V	-
	2. The Company's 2019 operational report and financial statements.	V	-
	3. The Company's 2019 earnings distribution.	V	-
	Audit Committee resolution results (Feb 24, 2020): Approved by all independent directors in attendance.		
	The Company's response to the audit committee's recommendations: Approved by all board directors in attendance.		
May 6, 2020 (9-7)	1. The Company's proposal to issue domestic, unsecured ordinary corporate bonds.	V	-
	2. The Company's financial statements for the 1st quarter of 2020.	V	-
	Audit Committee resolution results (May 5, 2020): Approved by all independent directors in attendance.		
	The Company's response to the audit committee's recommendations: Approved by all board directors in attendance.		
Aug 5, 2020 (9-8)	1. The Company's financial statements for the 2nd quarter of 2020.	V	-
	2. Selection of the company's visa accounting firm.	V	-
	3. The Personnel Appointment of the Company's Chief Financial Officer.	V	-
	Audit Committee resolution results (Aug 4, 2020): Approved by all independent directors in attendance.		
	The Company's response to the audit committee's recommendations: Approved by all board directors in attendance.		
Nov 6, 2020 (9-9)	1. Rotated Company's attested accountant.	V	-
	2. The Company's financial statements for the 3rd quarter of 2020.	V	-
	Audit Committee resolution results (Nov 5, 2020): Approved by all independent directors in attendance.		
	The Company's response to the audit committee's recommendations: Approved by all board directors in attendance.		
Jan 26 , 2021 (9-11)	CPA duties and compensation for 2021.	V	-
	Audit Committee resolution results (Dec 21, 2020): Approved by all independent directors in attendance.		
	The Company's response to the audit committee's recommendations: Approved by all board directors in attendance.		

3. Any independent directors' avoidance of motions due to conflict of interest:

On Jan 8, 2020, the 9-2 Extraordinary Meeting of the Audit Committee reviewed the "Purchase of Shares of International Integrated Systems Inc." (the "IISI") from the Institute for Information Industry (the "III"). JenRan Chen had been a Managing Director with interest in this case. As an Executive Director of the Information Management Committee, Mr. Chen voluntarily excused himself in accordance with regulations during the discussion and refrained from voting on this case.

4. Communication methods among independent directors, accountants, and Chief Audit Executive:

In order to improve the Company's corporate governance and strengthen the Board's professional knowledge, the Company established the Audit Committee as part of the 7th Board, which consisted entirely of independent directors. In addition to supervising the Company's response plans for internal and external changes, the design of its internal control system, and periodic inspection and audit reports, the Audit Committee also must ensure that the design and implementation of the internal control system are consistent and effective to establish communication channels and mechanisms with the internal audit supervisor and accountants, while advancing exchanges of opinion. A summary of communication methods and recent communication subjects are as follows:

(1) Communication methods and frequency among independent directors, accountants, and the Chief Audit Executive:

A. Audit Committee: Regular meetings should be held at least once a quarter with extraordinary meetings held as needed. During the meeting, the internal Chief Audit Executive should report to the independent directors on the Company's implementation of internal audit processes and performance of internal control. When items related to financial reports need to be discussed, accountants must attend the meeting to explain the financial reports and address questions raised by committee members.

B. Board and Auditor Meeting: A meeting should be held at least once a year with all Board members and audit members in attendance. Members should review the performance of the previous year's internal controls and discuss each department's internal control self-assessment results. Members should also discuss potential improvements related to internal controls to continuously enhance internal audit activities.

C. Closed Meeting with Accountants: A meeting should be held at least once a year with extraordinary meetings held as needed. The Audit Committee and the Company's accountants should report the results of their review of the Company's financial reports and internal controls directly to the independent directors and communicate any adjustment to the financial statement or regulatory amendments that may affect accounting methods.

(2) Summary of Communications between Independent Directors and the Chief Audit Executive:

Date	Information Communicated	Communication Results
Jan 8, 2020 Extraordinary Meeting of the Audit Committee (9-2)	The Internal Chief Audit Executive reported on the implementation of the Company's internal audit processes and internal control operations. Independent Director Response: Acknowledged.	Audit highlights reported at the 9-2 Extraordinary Meeting of the 9th Board.
Feb 24, 2020 Audit Committee (9-4)	Internal Chief Audit Executive reported on the implementation of the Company's internal audit processes and internal control operations. Independent Director Response: Acknowledged.	Audit highlights reported at the 6th meeting of the 9th Board.
Feb 26, 2020 Panel Discussion	Board and Internal Audit Symposium Highlights: 1. Reviewed 2019 internal control operations; 2. Reviewed the self-assessment results of each department's internal controls; 3. Exchanged opinions on improvement of internal control. Independent Director Response: Implement the project's work-in-process evaluation.	1. Symposium highlights reported at the 6th meeting of the 9th Board. 2. An in-depth review has been conducted for the loss of the value of the work-in-process in the construction of large-scale electrical and mechanical projects, and specific improvement measures have been proposed.
Mar 31, 2020 Audit Committee (9-5)	1. Internal Chief Audit Executive reported on the Company's implementation of internal audit processes and internal control operations. Independent Director Response: Acknowledged.	Audit highlights reported at the 7th meeting of 9th Board.
	2. Project report on missing operations related to reinvestment by Chunghwa Investment Corporation. Independent Director Response: Regarding the current investment decision and process of Chunghwa Investment Corporation, the decision should be reviewed and standardized appropriately.	Cooperate on the Company's strategic transformation and organizational restructuring plans; report to the Corporate Strategy Committee and the Board of Directors.
May 5, 2020 Audit Committee (9-6)	Internal Chief Audit Executive reported on the Company's implementation of internal audit processes and internal control operations. Independent Director Response: Acknowledged.	Audit highlights reported to the 7th meeting of 9th Board.

Date	Information Communicated	Communication Results
Aug 4, 2020 Audit Committee (9-7)	1. Internal Chief Audit Executive reported on the Company's implementation of internal audit processes and internal control operations. Independent Director Response: Acknowledged.	Audit highlights reported to the 8th meeting of 9th Board.
	2. Reported the plan for future developments related to the Taoyuan Qingpu case. Independent Director Response: Acknowledged..	
Nov 5, 2020 Audit Committee (9-8)	1. Internal Chief Audit Executive reported on the Company's implementation of internal audit processes and internal control operations. Independent Director Response: Acknowledged.	Audit highlights reported at the 9th meeting of 9th Board.
	2. Reviewed ECC Cloud obstacle improvement report. Independent Director Response: Cloud service operations to be included in the 2021 Audit Plan verification project.	Cloud service operation review included in the Audit Plan review item.
	3. Reviewed the draft 2021 Audit Plan. Independent Director Response: Approved by all independent directors in attendance; reported to the Board for review.	Approved to be reported at the 9th meeting of 9th Board.
Dec 21, 2020 Audit Committee (9-9)	1. Internal Chief Audit Executive reported on the Company's implementation of internal audit processes and internal control operations. Independent Director Response: Acknowledged.	Audit highlights reported at the 11th meeting of 9th Board.
	2-1. Reviewed the digital ID card verification report. 2-2. Reporting on the risk of large-scale projects and management. Independent Director Response: Project teams must properly manage related risks and plan response strategies.	Continue to track the execution of relevant response strategies.

(3) Summary of Communications Between Independent Directors and Accountants:

Date	Information Communicated	Communication Results
Feb 24, 2020 Audit Committee (9-4)	1. Reviewed the Company's draft 2019 domestic and SOX internal control system statement. Independent Director Response: Approved by all independent directors in attendance; reported to the Board for review.	Approved to be reported at the 6th meeting of the 9th Board.
	2. Review the draft operations and financial reports for 2019. Independent Director Response: Approved by all independent directors in attendance; reported to the Board for review.	
Mar 31, 2020 Audit Committee (9-5)	1. Reviewed full 2019 IFRS financial draft report to be included in Form 20-F. Independent Director Response: Approved by all independent directors in attendance; no need to report to the Board.	The Company is listed on the New York Stock Exchange in the form of American Depositary Receipts. In accordance with the U.S. Securities and Exchange Commission (SEC) rules and regulations, the Company completed its Form 20-F, which includes financial reports, within 4 months of the fiscal year end.
	2. Reviewed and discussed draft management discussion and analysis (MD&A) of the 2019 annual report (Form 20-F). Independent Director Response: Approved by all independent directors in attendance; no need to report to the Board.	(1) According to rules 303A.07 of the NYSE Listed Company Manual, the Audit Committee reviewed the contents of the MD&A in Form 20-F. (2) The Company reported Form 20-F within 4 months of the fiscal year end.
May 5, 2020 Audit Committee (9-6)	Reviewed first quarter 2020 financial reports. Independent Director Response: No opinion from independent directors in attendance.	Reported at the 7th meeting of the 9th Board.
Aug 4, 2020 Audit Committee (9-7)	Reviewed second quarter 2020 financial reports. Independent Director Response: No opinion from independent directors in attendance.	Reported at the 8th meeting of the 9th Board.
Nov 5, 2020 Audit Committee (9-8)	1. Private (closed-door) communication meeting of accountants and independent directors.	
	2. Reviewed third quarter 2020 financial reports. Independent Director Response: No opinion from independent directors in attendance.	Reported at the 9th meeting of the 9th Board.
	3. Reviewed changes to the Company's attested CPA. Independent Director Response: Approved by all independent directors in attendance; reported to the Board for review.	Approved to be reported at the 9th meeting of the 9th Board.

4.3 Corporate Governance Implementation Status and Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Criteria	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanation	
1. Does the Company establish and disclose the proper corporate governance framework based on the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company's Board of Directors adopted the "Code of Corporate Governance for Chunghwa Telecom Co., Ltd," with a total of 50 articles which refers to the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies". The Company's principles are available for investor review on the Company's official website under "Corporate Governance".	None
2. Shareholding structure & shareholders' rights (1) Has the Company established an internal operating procedure to address shareholders' suggestions, doubts, disputes, and litigation, with proper implementation based on this procedure?	V		The Company has designated a shareholder services team to review shareholder suggestions and disputes. Shareholder proposals, inquiries, disputes, and litigation are reviewed in accordance with the relevant standard operating procedures.	None
(2) Is the Company fully aware of its major shareholders and the ultimate owners of those shares?	V		In compliance with Article 25 of the Securities and Exchange Act, the Company reports changes in internal (directors, managers, and shareholders of more than 10% of shares outstanding) shareholding on a monthly basis, which are published on the designated public information website. Since the first quarter of 2020, each of the Company's quarterly reports have disclosed the names of shareholders who hold more than 5% equity, the total amount and proportion of the shares they hold, and other relevant information.	None
(3) Does the Company adopt and execute proper risk management and firewall systems within its affiliates?	V		1. The Company's internal control system consists of corporate-level risk management and operational-level execution control. In addition, "Chunghwa Telecom Rules and Procedures on Monitoring and Managing Subsidiaries", approved by the CEO, are also in place as risk control mechanisms. 2. "Chunghwa Telecom Rules and Procedures on Conducting Transactions between Group Companies and Related Parties" were amended and approved by the BoD. It consists of 15 articles and is applicable to related party transactions on procurement and sales, asset disposal, guarantees, loans, etc. 3."Chunghwa Telecom Rules and Procedures on Investments" were amended and approved by the BoD. It consists of 41 articles and is applicable to investment strategy, due diligence, valuation, agreement signing, settlement, application, integration, post-investment management, performance review, exit mechanism and penalty, etc.	None
(4) Does the Company establish internal rules against insider trading?	V		The Company prevents insider trading by controlling key points in its operations, which prevents Company insiders from exploiting non-public information to trade securities.	None
3. Board of Directors Composition and Responsibilities (1) Does the Board of Directors develop and implement a policy to promote diversity in the composition of its members	V		1. Diversify Policy In order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, the Company approved the resolution on enacting the "Code of Corporate Governance of Chunghwa Telecom Ltd. Co.," with a total of 50 articles on August 26, 2004. Article 20 of the Code states: The composition of the board members shall be considered in a diversified manner and the appropriate policy on diversity should be based on the Company's business operations, operating dynamics, and development needs. It is advisable that the policy includes, without being limited to, the following criteria in two aspects: (1) Basic requirements and values: Gender, age, nationality, culture and ethnicity; (2) Professional knowledge and skills: Such as legal, accounting, industry, finance, marketing or technology Board members shall possess the necessary knowledge, skills, and experience to perform their duties. 2. Concrete Objectives The board of directors of the Company shall direct company strategies, supervise the management, and be responsible to the Company and its shareholders. The operations and arrangements of its corporate governance system shall be able to ensure that, in exercising its authority, the board of directors complies with the provisions of laws, regulations, its Articles of Incorporation, and the resolutions of its shareholders' meetings. All the directors of the Company are equipped with the knowledge, skills, literacy, and the capabilities of decision-making and management necessary to perform their duties. The Company continuously arranges a variety of courses for the board members to improve their decision-making quality and supervision skills, thus strengthening the functions of the board of directors. In addition, the Company is also concerned about gender equality, with at least one female director in the composition of the board of directors. 3. The Implementation of the Board Diversity Policy The Company's current board of directors consists of 13 directors, including 5 independent directors and 8 directors. Each director possesses the capabilities required for the diversified development of the Company's business. In addition to the overall competence of the Board of Directors, all the directors possess industry experiences, 2 directors have legal expertise, 11 directors are equipped with risk management and auditing skills, and 8 directors are with information and communication technology skills. The Company's board diversity policy under the Code of Corporate Governance for the Company has been fully implemented.	None

Evaluation Criteria	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanation	
(2) Does the Company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee?	V		In addition to the Compensation Committee and the Audit Committee, the Company has also adopted a Corporate Strategy Committee and the Committee shall hold meetings as may be authorized by the board and to discuss key issues focusing on the Company's growth. The Corporate Strategy Committee currently consists of 8 directors, who can all provide directions in the Company's future development strategy.	None
(3) Does the Company establish and implement on an annual basis a set of assessments to measure the performance of the Board of Directors, report the performance evaluation results to the Board to Directors, and use it as a reference for the compensation of the Board of Directors?	V		The Company enacted the "Regulations Governing the Performance Evaluation of the Board of Directors of Chunghwa Telecom Co., Ltd.". According to the Regulation, the performance evaluation is conducted at a set date annually and the report is submitted to its Board of Directors before the end of March of the following year for review, improvement, and to serve as a reference for the selection or nomination of directors. The results of the Company's Board Performance Evaluation for year 2020 have been reported at the 11th meeting of the 9th Board of Directors on January 26th, 2021.	None
(4) Does the Company regularly evaluate the independence of its CPAs?	V		The Audit Committee is authorized to evaluate the independence of the CPAs on annual basis. 1. The evaluation mechanisms are as follows: (1) In accordance to U.S. Sarbanes-Oxley Act, the CPA firm must be pre-approved by the Audit Committee prior to annual audit and any other projects. (2) In accordance to U.S. Sarbanes-Oxley Act, the CPAs shall report the audit/review content and independence to the Audit Committee on quarterly basis. (3) Any change of audit CPAs must strictly in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. (4) Periodically obtain a Confirmation of Independence from the CPAs. (5) Periodically assess the independence and competence of the CPAs, and report the results of the assessment to the Audit Committee. 2. The evaluation results are as follows: (1) The independence of the CPA is compliant with the regulations of the U.S. SEC, PCAOB, and other relevant regulations. (2) The Company has not appointed the same CPA for five successive years.	None
(5) Has the Company adopted a succession plan for key executives?	V		The Company applies a rigorous selection and evaluation mechanism for its key executive succession planning process. Its training program considers a combination of leadership potential, personal characteristics, professional knowledge, and management ability, and leverages a mentorship and Individual Development Plans (IDP) framework to discover individual potential, strengths, and weaknesses while accelerating the development of capabilities, personalities, and depth and breadth of experience. The entire key executive development program spans 1 to 2 years.	None
4. Has the Company allocated suitable and sufficient corporate governance staff and appointed a manager of corporate governance responsible for corporate governance matters (including, but not limited to, furnishing information required for business execution by directors, assisting directors in complying with laws and regulations, handling matters related to board and shareholder meetings in accordance with the laws, producing minutes of board and shareholder meetings, etc.)?	V		1. The Company has allocated an adequate number of corporate governance personnel and appointed a chief corporate governance officer to be in charge of corporate governance affairs (including, but not limited to, furnishing information required for business execution by directors, assisting directors in complying with laws and regulations, handling matters related to board and shareholder meetings in accordance with the laws, producing minutes of board and shareholder meetings, etc.). 2. The chief corporate governance of the Company has completed 15 hours of continuing education in 2020, and has met the requirement of at least 12 hours of training courses from the second year of his appointment. The training courses are as follows: (1) Market reformation under nowadays turbulent economy (3 hours) (2) Gaining insights into key messages hidden in financial statements (3 hours) (3) When a corporation cooperates with an intellectual government, focusing on the trends and challenges of information security governance issues (3 hours) (4) The 16th Corporate Governance Summit Forum (6 hours)	None
5. Has the Company established a communication channel and designated a website section for its stakeholders (including but not limited to shareholders, employees, customers, and suppliers) as well as to handle all CSR-related issues?	V		The Company has established sections for "CSR" and "Stakeholders" on its website. It also maintains a Facebook page, customer service hotline, online platform, e-mail, instant message service, and mobile app to serve as multiple and adequate access channels for responding to stakeholders. Stakeholder negotiation results are regularly reported to the Board of Directors and disclosed on the Company website.	None
6. Does the Company appoint a professional shareholder service agency to handle shareholder meeting affairs?	V		The Company has engaged the registrar and transfer agency department of Yuanta Securities to handle shareholder meeting affairs.	None

Evaluation Criteria	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanation	
7.Information Disclosure (1) Does the Company have a corporate website to disclose all information regarding finances, the business, and corporate governance?	V		The Company has established an official corporate website to disclose financial, business, corporate governance, and related information in a timely manner.	None
(2) Does the Company have other information disclosure channels (e.g. an English website, designated personnel to handle information collection and disclosure, spokesperson system, investor conference webcasts, etc.)?	V		The Company has established an English version of the official corporate website and designated personnel responsible for Company information collection and disclosure. The Company implements a spokesperson system with the President designated as the spokesperson. Conference-related materials, including audio recordings, financial, and operational metrics are disclosed in the "Investors" section of the website. The same information are also available on the MOPS website.	None
(3) Does the Company report its annual financial report within two months after the end of the fiscal year and announce the first, second, and third quarter financial reports and monthly operating updates before the prescribed deadlines?	V		In order to enhance the timeliness of information disclosure, the Company reported its annual financial report within two months after the end of the fiscal year and announced the first, second, and third quarter financial reports and monthly operating updates before the prescribed deadlines.	None
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices? (1) Employee rights	V		The Company's human resources policies comply with the provisions prescribed under laws, such as the Labor Standards Act, and collective bargaining agreements, in order to protect employee rights.	None
(2) Employee wellness	V		The Company engages professional organizations to handle employee assistance programs, including psychological, legal, financial, health, and management consultations. The Company has also opened multiple channels for employees to express their opinions, creating a sense of active engagement and avenues for smooth, mutual communication.	None
(3) Investor relations	V		The Company's most important goals are to protect shareholders' rights and to treat all shareholders equally. In addition to disclosing all required information such as financial, operational, changes in internal shareholdings, etc. in a timely manner, the Company voluntarily discloses material information on the investor relations section of its website. All shareholder meetings are recorded in accordance with the company laws and relevant regulations; all records of the meetings are disclosed on the MOPS website and the Company's official website.	None
(4) Supplier relations	V		The Company purchases equipment from suppliers in accordance with the "Chunghwa Telecom Procurement Management Regulation" and other relevant provisions; the successful bidder fulfills the responsibilities of product delivery and warranties in accordance with the contract. The company also evaluates suppliers based on price, quality, delivery, service and fulfillment of corporate social responsibilities, which include the establishment of a stable and sustainable supply chain.	None
(5) Rights of stakeholder	V		In compliance with the latest domestic regulations and international trends, the Company publicly discloses related contracts and systems to ensure all stakeholder rights. The Company has established a website section for stakeholders, providing a communication channel that allows stakeholders to report and receive responses to unfair treatment or encroachment on rights. Employees: http://chtblog.cht.com.tw/mbr/index.jsp Suppliers: https://scm.cht.com.tw/outboard/ Customers: https://www.cht.com.tw/home/consumer Investors: http://www.cht.com.tw/ir/mae-smeeting.html	None
(6) Directors' training record	V		The Company follows the Taiwan Stock Exchange Corporation's "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies." Please refer to Appendix A "Directors' Continuing Education Records for fiscal year 2020."	None
(7) Implementation of risk management policies and risk assessments	V		1. The Company's risk management policy and risk assessment measurement standards are implemented in accordance to "Chunghwa Telecom Risk Management Rules" approved by the Board of Directors, in order to promote overall risk management operations. 2. The Company consistently analyzes and rectifies all high-impacted risks to ensure achieving business operation targets, financial accuracy, etc.; the Company also utilizes risk management system to register, track and manage those relevant risks to strengthen overall governance and risk management.	None
(8) Implementation of customer relations policies	V		The Company provides the highest level of comprehensive customer service, using a customer system to understand behavior, provide technology and innovative services with enhanced values, provide a high-quality network for internet communication, and provide active care for customers with convenient and accelerated two-way communication channels. The service quality of physical stores is inspected using the "On-site Inspection of Service Quality Protocol." In addition, the Company offers a 24x7 call center and online customer service. In order to actively improve customer satisfaction, the Company also offers paperless payment choices, such as SMS, e-mail, voice, and others, in order to adhere to its carbon reduction policy.	None

Evaluation Criteria	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanation	
(9) Insurance for directors	V		To lower and disperse material damage and risk to the Company and shareholders arising from director mistakes or carelessness while executing business within the scope of their term, the Company has purchased liability insurance according to their respective terms of office. The details of the insurance coverage have also been reported to the directors.	None
9. Implementation of the Management of Intellectual Property	V		The company has outlined relevant intellectual property management measures to manage the Company's patents, trademarks, copyrights, and trade secrets, etc. Led by the Chunghwa Telecommunications Research Institute, a patent management system was established for all employees to promote their businesses, so as to improve operating performance and reduce intellectual property disputes. The Company links the intellectual property management plan with the Company's business plan and development strategy, and reports findings to the board of directors every year to foster continuous development.	None
10. Please explain items that have been already improved and priority measures to reinforce matters that have not been improved, in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange.				
Items already improved	As the result of 2019 Corporate Governance Evaluation, the Company was ranked at the top 5% of the best listed companies; regarding the following two unscored items, the Company has completed its improvement process, explained as follows: 1. In 2020, the Company's annual general shareholders' meeting was held before the end of May. (Corporate Governance Evaluation Index 1.6) 2. In 2020, the Company filed its annual financial report within two months after the end of the fiscal year (Corporate Governance Evaluation Index 3.4)			
Items to be improved	None			

4.4 Compensation Committee Composition and Operations

(1) Compensation Committee Member Profiles

Title (Note 1)	Criteria / Name	Over 5 years of work experience and the following professional qualification requirements			Independence Criteria (Note 2)										Number of Other Public Companies in which the Individual is Concurrently Serving as Compensation Committee Member	Remarks
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, CPA, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Lo-Yu Yen	V	V	V	V	V	V	V	V	V	V	V	V	V	0	
Independent Director	JenRan Chen	-	-	V	V	V	V	V	V	V	V	V	V	V	0	
Independent Director	Yu-Fen Lin	-	V	V	V	V	V	V	V	V	V	V	V	V	0	

Note 1: In the Title column, please fill in director, independent director or other.

Note 2: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

(1) Not an employee of the company or any of its affiliates.

(2) Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.

(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10) Not been a person of any conditions defined in Article 30 of the Company Law.

(2) Compensation Committee Operation

A. The Compensation Committee is currently comprised of 3 members.

B. Current Compensation Committee Member Terms: June 21, 2019, through June 20, 2022; the committee convened 2 meetings (A) in 2020, of which attendance is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remarks
Independent Director	JenRan Chen	2	0	100%	Scope of Responsibilities: 1. Regularly formulate and review policies, systems, standards, and structures related to director and management performance assessments and compensation. 2. Regularly enact and review director and management compensation.
Independent Director	Lo-Yu Yen	2	0	100%	
Independent Director	Yu-Fen Lin	2	0	100%	

Other Matters of Importance:

1. In circumstances where the Board of Directors declines to adopt, or make modifications based on, recommendations from the Compensation Committee, specify the dates of meetings, sessions, contents of motion, Board of Directors resolutions, the Company's response to the Compensation Committee's opinion (for example, where the compensation passed by Board of Directors exceeds the recommendations of the Compensation Committee, the circumstances and reasons for the difference of opinions shall be specified): None in the current fiscal year.

2. In circumstances where resolutions of the Compensation Committee were objected to by members, or members had a reserved opinion, and were recorded or declared in writing, specify the dates of meetings, sessions, contents of motions, all member opinions, and responses to member opinions: None in the current fiscal year.

3. Compensation Committee discussions and resolutions:
   In 2020, the Compensation Committee met 2 times

Date	Information Communicated	Results Communicated	
February 24, 2020 (9-1)	(1) Review of the executive management team's final performance results for 2019	Approved by all members in attendance.	Used to determine the Company's executive management teams' performance and bonuses
	(2) Distribution of the Company's fiscal year 2019 compensation for board directors		The compensation plan is reported to the Board for review and approval
May 5, 2020 (9-2)	(1) Review of Chief Financial Officer's final performance results for 2019	Approved by all members in attendance.	Used to determine the Company's executive management teams' performance and bonuses
	(2) Distribution of the Company's fiscal year 2019 compensation to executive management		Used to determine the annual allocation of executive management compensation
	(3) Amendment of organizational rules under the Company's Compensation Committee		Reported to the Board for review and approval

4.5 Fulfillment of CSR and Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies"

<table>
<tr><th rowspan="2">Evaluation Criteria</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation (Note 2)</th></tr>
<tr><td>1. Does the company follow principles of materiality in evaluating the risks of environmental, social, and corporate governance, and establish relevant policies or strategies?</td><td>V</td><td></td><td>In 2006, the board of directors adopted risk management rules, including the policies, scope, organizational structure and procedures of risk management, which have been promoted by the managerial department. In addition, relevant risk assessments and responses have been incorporated into the Company's key operational terms or guidelines. In 2016, the Risk Management Committee was established to further improve risk management performance.
The Company conducts risk assessments for environmental, social and corporate governance issues related to its operations based on materiality principle and formulates relevant risk management policies or strategies as well.
(https://www.cht.com.tw/zh-tw/home/cht/sustainability/economic/risk-management)</td><td>None</td></tr>
<tr><td>2. Has the Company established a CSR unit (full- or part-time), with a senior manager authorized by the Board of Directors to handle and report related activities to the Board of Directors?</td><td>V</td><td></td><td>1. The Company has designated a division, CSR Committee, to promote CSR with the responsibilities of establishing CSR policies, systems, and related management guidelines, and proposing, executing, and managing detailed operating plans.
2. All CSR related affairs are authorized by the Board of Directors to be handled by a senior manager, with operating status to be reported to the Board of Directors regularly. In addition, all the operating and implementation results are disclosed in the Company's annual report and websites.</td><td>None</td></tr>
<tr><td>3. Environment
(1) Does the Company establish proper environmental management systems in line with its industry characteristics?</td><td>V</td><td></td><td>The Company has adopted an environmental management system based on the characteristics of the telecommunications industry:
1. Environmental Sustainability Development Management System (EARTH): Enables the Company to manage its internal electricity use, water use, lighting equipment, recycling, tree planting, etc.
2. Comprehensive green energy savings solution: Leverages an Intelligent Energy Network (iEN) and Power Operations Support System (POSS) to dynamically manage air conditioning energy utilization.
3. Management system certification:
(1) ISO14001 Environmental Management System certification (Valid until 2020/12/24)
(2) ISO50001 Energy Management System certification (Valid until 2021/08/20)</td><td>None</td></tr>
<tr><td>(2) Is the Company committed to improving the utilization efficiency of various resources and using recycled materials with a low environmental footprint?</td><td>V</td><td></td><td>The Company has adopted a "5-Year Environmental Sustainability Development Strategy and Target Plan" and telecom facility energy savings plan, which include energy conservation and carbon reduction, green procurement, and environmental sustainability incentives.
The Company intends to focus on achieving its goals of increasing resource utilization efficiency and reducing its environmental footprint.</td><td>None</td></tr>
<tr><td>(3) Does the Company evaluate the impact of climate change on the Company's current and future potential risks and opportunities, and adopt measures to respond to climate-related issues?</td><td>V</td><td></td><td>The Company attaches a great deal of importance to potential risks and opportunities facing the Company as a result of climate change. The relevant countermeasures are as follows:
1. In 2008, the Company was the first telecom provider in Taiwan to initiate a comprehensive "Greenhouse Gases Inventory Plan".
2. The Company has adopted and implemented a "5-Year Environmental Sustainability Development Strategy and Target Plan." It is a comprehensive plan for implementing energy saving initiatives for the work environment and facility offices, and also systematically manages power use, water use, lighting equipment, recycling, tree planting, etc.
3. Since 2015, the Company has incorporated the issue of greenhouse gas reduction into risk management, continuously assessed the potential risks and opportunities of climate change, and proactively promoted energy conservation and carbon reduction, and replaced old, high-energy consumption equipment.
4. In 2017, the Company joined the Carbon Disclosure Project (CDP)'s "Supply Chain Project" to carry out specific actions and work with suppliers towards low-carbon sustainability.
5. In 2018, the Company became the 513th company in the world and the first telecom provider in Taiwan to sign and support the Task Force on Climate-Related Financial Disclosures (TCFD)'s initiatives.
6. In 2020, the Company introduced scenario analysis for climate change by conducting a systematic assessment from both financial and operational perspectives.
7. In 2020, the Company became the first in the global telecommunications industry to pass the conformity review of "Task Force on Climate-related Financial Disclosures" (TCFD) proposal and was designated with the highest level: "The Fifth Degree: Excellence".</td><td>None</td></tr>
<tr><td>(4) Does the company collect information on greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water usage reduction, or other waste management policies?</td><td>V</td><td></td><td>The Company's levels of greenhouse gas emissions for the two preceding years are as follows:
Unit：t-CO2e
<table>
<tr><th>Year</th><th>2018</th><th>2019</th></tr>
<tr><td>Direct Emissions (Scope 1)</td><td>30,469.89</td><td>28,455.59</td></tr>
<tr><td>Indirect Emissions (Scope 2)</td><td>804,043.42</td><td>795,295.50</td></tr>
<tr><td>Total Emissions (Scope 1+Scope 2)</td><td>834,513.31</td><td>823,751.09</td></tr>
</table>
The Company's levels of water consumption and total weight of waste for the two preceding years were as follows:
Unit: metric ton
<table>
<tr><th>Year</th><th>2018</th><th>2019</th></tr>
<tr><td>Tap Water Use</td><td>753,023</td><td>691,954</td></tr>
<tr><td>Air-Conditioner Water Use</td><td>1,624,419</td><td>1,590,716</td></tr>
<tr><td>Recycled Water</td><td>7,398</td><td>3,776</td></tr>
<tr><td>Biological Waste</td><td>3,505</td><td>2,881</td></tr>
<tr><td>Industrial Waste</td><td>2,988</td><td>3,592</td></tr>
</table></td><td>None</td></tr>
</table>

Evaluation Criteria	Implementation Status (Note 1)			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanation (Note 2)	
			Related policies and implementation 1. Management: (1) Since 2008, the Company has implemented an annual "Greenhouse Gas Inventory Plan." (2) Since 2015, the Company has incorporated the issue of greenhouse gas reduction into the risk management process, and continuously seeks to manage and control the issue. (3) Utilizing the Company's own development management system EARTH for environmental sustainability to provide electronic documents and systematic management. 2. Energy savings: (1) The Company has adopted a "5-Year Environmental Sustainability Development Strategy and Target Plan" to proactively implemented its energy saving and carbon reduction plan. (2) Supplemented by a comprehensive green energy savings solution: Leverages an Intelligent Energy Network (iEN) and Power Operation Support System (POSS) to dynamically manage air conditioning energy utilization through an online system. (3) Continuously replaces old, high-energy consuming telecom-related equipment. 3. Waste reduction: Continue to promote consumer electronic billing and combined billing, water recycling and reuse, electronic document systems, etc.	
4. Social Responsibilities (1) Does the Company formulate appropriate management policies and procedures in accordance with relevant regulations and international human rights conventions?	V		1. The Company publicly supports and voluntarily follows standards including the United Nation's (UN) Universal Declaration of Human Rights (UDHR), the International Labor Organization Declaration on Fundamental Principles and Rights at Work, and the Global Compact. 2. The Company publicly discloses human rights policies, adopts appropriate internal policies and procedures according to relevant regulations and the International Bill of Human Rights, and conducts an annual review and audit of relevant implementation activities. 3. The Company is the only telecom provider in Taiwan with labor union that has signed a collective bargaining agreement with its employees, in accordance to the Labor Standards Act. 4. The Company has surpassed the legal requirements in the employment of disadvantaged minority groups: in fiscal year 2020, the Company's headcount of employees with disabilities was about 3.74 times the number required by law.	None
(2) Does the company formulate and implement reasonable employee benefits (including compensation, vacation, and other benefits), and appropriately reflect operating performance or results in employee compensation?	V		The Company establishes and implements reasonable employee benefits, including compensation, vacation, and other benefits, and appropriately reflects operating performance in employee compensation: 1. The Company's Board of Directors has established Compensation Committee, which is responsible for compensation policies, practices, standards, and structures. 2. Performance Appraisal: review results are used for salary, bonus, and other compensation considerations. 3. Bonus distribution: based on a combination of corporate performance, fiscal year 2020 after-tax net profit, and employee performance.	None
(3) Does the Company provide a safe and healthy working environment, and provide training on health and safety and health for its employees on a regular basis?	V		The Company strives to provide its employees with a safe and healthy working environment, and regularly holds safety and health education and training sessions for its employees. The situation is summarized as follows: 1. Specialized teams and personnel: responsible for occupational safety and health management and implementation. In order to continue promoting occupational safety and health management effectiveness, and to match its relevant international standards accordingly, the Company proactively conforms to the revised standards of ISO 45001. In 2020, a total of 26 Level 1 and Level 2 branch offices completed certification and one additional Level 1 branch office is expected to pass in 2021, with a total of 27 branch offices completing certification and receiving annual reviews. Through the Plan-Do-Check-Act systemized management cycle, we continue to improve management effectiveness and create a safe, healthy, friendly and high-quality working environment. 2. Chunghwa Telecommunication Training Institute: in charge of employee education, training, advocacy, and drills on topics related to safety and health. 3. Physician and specialized nursing staff: provides on-site health related services. 4. Medical checkups and Employee Assistance Programs (EAP): annual planning and implementation of various medical checkup plans; promote EAP to provide 1-on-1 professional consultation services. In fiscal year 2020, these services were used by 427 employees. 5. In July 2006, the Company was the first to offer paid parental leave. 6. The Company offers family care leave, menstrual leave, miscarriage prevention leave, pre-natal examination leave, maternity leave, paternity leave, disease prevention childcare leave and on-site breastfeeding rooms, etc.	None
(4) Does the Company establish effective career development programs for its employees?	V		1. Comprehensive occupational training program: includes management and 18 specialized occupational programs. Program content is continuously reviewed, expanded, and modified in order to better assist employee career development. 2. The Company has established the concept of life-long learning and a supportive learning environment, leveraging e-learning systems to encourage all employees to learn and grow.	None

Evaluation Criteria	Implementation Status (Note 1)			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanation (Note 2)	
(5) With respect to customer health and safety of products and services, customer privacy, marketing, and labeling, does the Company comply with relevant regulations and international standards, and formulate related consumer protection policies and appeal procedures?	V		1. In accordance with the law, the Company has established a set of internal Corporate Marketing Standards, business rules, and service contracts. The Company implements the "Key Points for the Implementation of Mobile Broadband Business Service Quality Standards" to reach the four major categories of "Service Efficiency", "Customer Service Center", "Customer Complaint Processing," and "Accounting Services" that address a total of 25 service quality indicators to ensure consumer rights. 2. The Company has a privacy policy, which is disclosed publicly: https://www.cht.com.tw/home/consumer/privacy https://www.cht.com.tw/en/home/cht/sustainability/economic/cybersecurity-and-privacy-protection 3. To protect consumer privacy, the Company: (1) has adopted a management system in accordance with relevant regulations and standards; (2) has designated a responsible department; (3) classifies fundamental consumer information as "Highly Confidential"; (4) is implementing the new version of the "Personal Data Collection Notice" (Level 1-Simplified version, Level 2-Full version); (5) requires that all employees sign a "Business Confidentiality Agreement", with direct supervisors bearing joint liability; (6) has integrated privacy protection as part of employees' key performance indicators (KPIs) for performance reviews; (7) has received international information security and individual privacy protection certification (such as ISO27001 and BS10012.). 4. Products and services are designed to take into account of the impact of consumer overuse, and marketing material contains explanations on scope of use and other helpful reminders. 5. To manage and ease concerns about Electromagnetic (EM) waves: (1) Base stations comply with regulations and standards; (2) The public can apply for free professional measurement; (3) Taiwan Telecommunication Industry Development Association (TTIDA) is entrusted with touring the country to advocate for correct understanding. 6. Provides diverse customer service and appeal channels, including physical stores, a dedicated customer service line, and an online platform. The appeals filing and handling procedure has been standardized and has a target of providing satisfactory responses and resolutions within 3 business days. 7. Conducts customer satisfaction surveys and improves service quality in a timely manner. Uses big data analysis to enhance products, services, and functionality.	None
(6) Does the Company have a supplier management policy that requires suppliers to comply with and implement relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights?	V		1. Established the "Code of Corporate Social Responsibility for Suppliers of Chunghwa Telecom" and informed suppliers of CSR standards on ethics, labor, environment, and health and safety, and to jointly achieve the objectives of good ethical standards, respect for labor rights, and environmental sustainability. 2. During purchase tenders, tenderers must review the "General Terms of Information on the Purchase Tender" and complete the "Basic Data and Review Form for Participating Tenderers" before participating in the tender. The tenderers self-disclose on corporate integrity, material sourcing, environmental safety, occupational safety, energy conservation and carbon reduction, and other topics, and agree to follow the Company's supplier social responsibility guidelines. 3. The "Chunghwa Telecom Supplier Management Operation Method" for supplier management was implemented on November 18, 2020. The assessment and evaluation were based on the supplier's financial capabilities, performance quality, ability to meet deadlines, price advantage, professional abilities, after-sales service, warranty responsibilities, engineering cooperation, work safety performance, and cooperation with the company in fulfilling various corporate social responsibilities, etc. 4. Implementation: (1) Since 2010, the annual "Chunghwa Telecom Supplier Partner CSR Exchange" publicly recognizes outstanding CSR vendors and invites experts, scholars, and leading business representatives to share their implementation experiences to drive supply chain partners to work together toward a sustainable future. (2) Since 2011, suppliers with large procurement volumes or are highly influential have been required to fill out an online CSR status questionnaire and carry out a sustainability assessment. Gradually taking ESG (environmental, social, and corporate governance) into consideration during supply chain selection, the Company looks forward to working with suppliers to achieve good ethical standards, respect for labor rights of work, reach environmental sustainability goals, and more. (3) Since 2014, the Company has commissioned the external verification unit of SGS Taiwan to conduct a "Supplier Second Party Audit" for key suppliers. It is expected to construct a complete supply chain management mechanism through a two-pronged strategy of "understanding analysis" and "on-site visits." (4) Since 2016, annual supplier education and training visits have been conducted to emphasize the importance of environmental sustainability through on-site visits. (5) Since 2019, the "Supplier Sustainability Rating" mechanism has been launched, in order to establish a list of suppliers qualified for sustainability through ranking suppliers' ESG for internal use. (6) Since 2020, the Company has conducted "Supplier ESG Education Training" every year. The Company uses the "Sustainable Supply Chain" initiative to promote a series of sustainability improvement actions. The continuous sustainable education and training will help suppliers deepen their knowledge and recognition of CSR and direct them to meet the proper CSR guidelines.	None

Evaluation Criteria	Implementation Status (Note 1)			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanation (Note 2)	
5. Does the company refer to internationally accepted reporting standards or guidelines for compiling reports on non-financial information, such as CSR reports? Did the previous release reports obtain a confirmation or assurance opinion from a third party verifier?	V		Each year, the Company creates its CSR report according to the latest version of the GRI Standards Core Option, Telecommunications Sector Supplement, and International Integrated Reporting <IR> Framework in both Chinese and English editions. In addition, SGS Taiwan verifies all content and data through a major review and assurance program, and assures its compliance with the GRI Standards Core Option, AA 1000 AS (2008) Type 2 High Level Assurance, and International Integrated Reporting <IR> Framework. The certification statement can be found in the Company's CSR Annual Report. CSR Report Download: https://www.cht.com.tw/en/home/cht/sustainability/csr-report-download	None

6. If the Company has established the CSR principles based on "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation:

No discrepancy found.

7. Other important information to facilitate better understanding of the Company's CSR practices:

(1) In early 2020, Chunghwa Telecom participated in the government's COVID-19 epidemic prevention measures. Using its core competitive advantages to support these measures, the Company: 1) provided epidemic prevention mobile phones; 2) offered epidemic monitoring and control systems; 3) provided big data analysis; 4) guaranteed communications amongst disease management and medical units; 5) offered preferential services; and 6) supported the "1922" consultation hotline.

(2) Institutionalization of corporate volunteering

In 2019, the "2019-2021 Three-year Volunteering Plan" had been approved and implemented accordingly.

(3) The Company's mission of "Bridge digital divide" and "Create digital opportunities" are driving its services excellence, while encouraging "corporate volunteers" to actively participate in local community services, with detailed execution as listed below:

- Outpost Taiwan
- Digital Good Neighbors
- Chunghwa Telecom EYE Social Innovative Call Center
- Read with You - Community Network Tutoring
- Telecommunication Universal Services
- Optimization of Voice Assistant App for the Visually Impaired
- Social Inclusion"5I SDGs" initiatives: "I Helping, I Sharing, I Learning, I Technology and I Protecting"

(4) Social Investment Statistics:

Including cash donation and non-cash input conversion through commercial events, in-kind donation, corporate volunteering, charity short messages sending, free short-code services, preferential measures and convenient services for the disabled, totaling social investment of NT$ 1,077 million in fiscal year 2020.

Note: 1. If "Yes" is checked under implementation, please describe the key policies, strategies, and measures and results adopted. If "No" is checked under implementation, please give reasons and describe relevant strategies and measures to be adopted in the future.

2. Companies who have compiled CSR reports may cite the source from specific pages of their CSR reports instead.

3. The materiality principle refers to environmental, social, or corporate governance issues that have a material impact on the investors or other stakeholders of the company.

4.6 Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Criteria	Implementation Status (Note)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanation	
1. Enactment of ethical corporate management policies and programs (1) Does the Company disclose its ethical corporate management policies and procedures in its official charter and material documents issued externally, as well as the commitment of the Board of Directors and management team to its implementation?	V		The Company has enacted the "Chunghwa Telecom Ethical Management Best Practice Principles." Its formulation and amendments were approved by the Board of Directors, reported to the shareholders' general meeting, and disclosed on MOPS as well as the Company's website. It clearly states that the Board of Directors, executive management, employees and mandataries, shall comply with laws and regulations during execution of business operations that the Board and managers shall commit to proactively implement it, and to do so through internal management and external business activities.	None
(2) Has the Company established a mechanism to assess the risks of non-ethical conduct, regularly analyze and assess relatively high-risk non-ethical conduct and activities within its scope of business, and formulate policies to prevent unethical conduct, which at minimum covers measures to prevent the conduct mentioned in Article 7.2 of "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has adopted the "Chunghwa Telecom Procedures for Ethical Management and Guidelines for Conduct," which the Company has implemented to provide measures for preventing unethical conduct, analyze relatively high-risk non-ethical conduct and activities within its scope of business, and strengthen relevant preventative measures.	None
(3) Do the Company's measures to prevent high-risk unethical misconduct clearly specify operating procedures, conduct guidelines, disciplinary and appeal mechanisms for violations? Are they implemented and regularly reviewed for amendment?	V		The Company has enacted the "Chunghwa Telecom Ethical Management Best Practice Principles", which clearly specifies measures to prevent unethical conduct and include operating procedures, conduct guidelines, disciplinary and appeal systems for violations. The Company has implemented the measures and regularly reviews the plan for amendments.	None
2. Implementation of ethical corporate management (1) Does the Company evaluate business partners' ethical records and clearly indicate ethical conduct clauses in business contracts?	V		The Company conducts business activities based on the principles of fairness, honesty, trustworthiness and transparency. In order to implement the integrity management policy and actively prevent dishonest behavior, the Company has formulated the "Ethical Corporate Management Best Practice Principle," and "Procedures for Ethical Management and Guidelines for Conduct.", which specifically regulate and designate the matters that the Company's personnel should pay attention to when performing business activities. In handling procurement cases, the Company requires bidders to declare that there is no record of dishonest behavior and that they have adhered to the business philosophy of integrity. If a supplier is found to have violated such integrity or committed other improper behavior, the contract will be terminated immediately.	None

Evaluation Criteria	Implementation Status (Note)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies" and Reasons
	Yes	No	Explanation	
(2) Has the Company established a dedicated unit to promote ethical corporate management under the Board of Directors, and regularly (at least once a year) report to the Board of Directors on its ethical corporate management policy, measures to prevent unethical conduct, and monitor implementation?	V		1. The Company appointed the Human Resources Department to promote ethical management, which includes assisting the Board of Directors and Executive Management team in formulating and supervising the implementation of ethical management policy and codes of conduct, based on the work responsibilities and scope of each department. The department reported on the effects of policy implementation to the Board of Directors on November 6, 2020. 2. The Company implemented the ethical management policy. Please see below for implement details of the year 2020: (1) Education and Training In each training course, a series of training classes will be provided to employees, covering topics such as regulation, inspection, and risk management, etc., to help them learn basic legal knowledge, codes of conduct, ethical management principles and operating procedures, the total training hours are 63,609. Throughout the course, case studies are used to strengthen the conceptualization and implementation of prevention mechanisms in order to both manage and prevent dishonest behavior. (2) Law and Case Advocacy The Company's dedicated unit is committed to the education and promotion of all employees. In 2020, the Company consolidated the ethical management principles, code of conduct, and processing standards for important internal information, using a digital learning platform to share case studies and publicize the matters that colleagues should pay attention to in day-to-day business. (3) Annual Test The Company conducted an online test for all employees from September 28 to October 27, 2020. The test covers the ethical management principles, ethical management operating procedures and behavior guidelines, the code of conduct, and obligations to maintain the company's confidential business matters. (4) Regular Inspection To prevent dishonest and unethical behavior while controlling fraud risks, the Company established an anti-fraud department to monitor and track the above behaviors. The Company implemented an anti-fraud plan for its subsidiaries, including advisory on business reform and corrections, reports of major situations, spot checks, and anti-fraud case studies. Based on the annual plan, the anti-fraud department collects all cases on monthly basis and then records, analyzes, and evaluates the performance, before evaluating the case through the internal control system, to ensure the overall operation and to prevent the occurrence of dishonest acts. (5) Reporting and Whistleblower Protection Rule ● Detailed reporting rules can be found within the Company's "Code of Corporate Governance," "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," and "Code of Ethics." All the rules are implemented actively to prevent any dishonest behaviors, in accordance with a system of checks and balances to investigate and discipline in the event of violations and employee complaints. ● The Company encourages both internal and external reporting on dishonest behavior and misconduct, and it assigns the Human Resources Department as the special unit responsible for accepting reports. The stakeholder section on the Company's website provides effective communication methods for employees, shareholders, stakeholders and external parties. In addition, the Company's website also includes contact information, including a special mailing address, email address, and phone number, for the Audit Committee, which accepts employee reports and complaints, and reports related to internal accounting and auditing. If a report involves the Board of Directors or senior executives, the case will be delivered and presented to an independent director. ● Detailed reporting and whistleblower protection rules can be found within the Company's "Code of Corporate Governance," "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," "Code of Ethics," "Key Points for Employee Complaints Operation," and "Practicing Points for Practitioners Violating the Code of Ethics." The whistleblower's identity and personal information are kept confidential, and the Company vows to protect whistleblowers from improper handling or retaliation. ● In 2020, the Company reviewed 43 cases, including 35 external reporting cases and 8 employee reporting cases. There were no major violations of ethical management.	None
(3) Does the Company establish policies to prevent conflicts of interest, provide suitable channels to report such conflicts, and implement such policies?	V		The Company has a "Code of Ethics", and has established channels including a dedicated telephone line, fax, and e-mail for employees and external parties to report violations. It also conducts regular and irregular audits through its internal control system.	None

Evaluation Criteria	Implementation Status (Note)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanation	
(4) Has the Company established an effective accounting system and internal control system to facilitate ethical corporate management? Does its internal audit team provide risk assessment results and formulate audit plans related to unethical conduct, and audit compliance of non-ethical conduct measures, or does the Company engage external CPAs to implement such audits?	V		1. The Company has established accounting policies and amended accounting policies as required by the amended International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) endorsed and issued into effect by the Financial Supervisory Commission (FSC) as well as business practices. 2. The Company has established the control activities at entity level, with "Code of Conducts", which are amended according to changes of environment and regulations. No major violations of ethical standards are found by external audits this year. 3. The audit plan for fiscal year 2020 was formulated in accordance with the Financial Supervisory Commission's "Regulations Governing Establishment of Internal Control Systems by Public Companies", the Company's "Internal Control System," and "Internal Audit Implementation Rules". The plan is based on assessment results that include risks such as unethical conduct; the contents include audit targets, scope, projects, and frequency, etc. The audit results collate the compliance of the unethical conduct measures into an audit report, which is reported to the board of directors.	None
(5) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	V		1. The Company organizes education and training and awareness programs on an annual basis, with online exams to be passed, in order to strengthen integrity and ethical standards. In 2020, all employees participated in digital learning programs "Code of Ethics" and "Ethical Corporate Management Best Practice Principles" with an online "Comprehensive Exam" requiring a score of 100 to indicate completion. The course and exam took a total of about 1 hour altogether. All employees excluding those with reasonable exemptions (such as maternity leave, injury, or long-term sick leave) completed the exam, representing a 100% completion rate. The Company shall continue to enhance corporate management, risk controls, and an ethical corporate management culture for long-term sustainable corporate management. 2. In 2020, the Company requested investee companies and supply partners to implement the Company's code of conduct, human rights policy, and anti-corruption policy among other commitment goals, and conveyed to their respective employees the principles of strictly maintaining ethics and discipline.	None
3. Reporting ethical violations (1) Has the Company formulated a concrete whistleblowing and incentive system, established a convenient whistleblowing channel, and assigned appropriate personnel to handle the cases of those who have reports raised against them?	V		The Company has enacted "Operational Rules for Handling Cases in Violation of Code of Ethics" to handle violations of ethical corporate management rules, with the following reporting channels for internal and external use: 1. Contact Address: Room 503, No. 21-3, Sec.1 Hsinyi Rd, Taipei 10048, R.O.C. 2. Telephone: 0800-080998 3. Fax: (02)23570007 4. E-mail: chthr@cht.com.tw Reported cases are handled by personnel with a clear division of power and responsibilities, whom are appointed on a case-to-case basis.	None
(2) Has the Company established standard operating procedures for handling whistleblowing claims and, after a complete investigation, follow-up measures and mechanisms related to maintaining confidentiality?	V		1. The Company has established the "Implementation of the Violation of Code of Ethics Case Investigation and Handling Principles," which conducts active investigation, while adhering to confidentiality principles according to Company rules. 2. After case investigation, follow-up measures to be taken are below: If evidence indicates that there were illegal activity or violations of regulations, violators with administrative responsibility will be handled according to regulations. For violators with legal responsibility, the Company will transfer the case to the prosecutor's office or file for a civil/criminal lawsuit, depending on the evidence presented.	None
(3) Does the Company provide proper whistleblower protection?	V		The Company has established the "Implementation of the Violation of Code of Ethics Case Investigation and Handling Principles" with objective, fair, confidential, and sensitive investigation procedures in order to protect whistleblowers from any improper treatment.	None
4. Enhancing information disclosure Does the Company disclose its established ethical corporate management policies and promotion results on its website and MOPS?	V		The Company has fully disclosed all ethical corporate management related content, status, and performance results on its official website and on MOPS.	None

5. If the Company has established ethical corporate management policies based on the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies," please describe any discrepancies between the policies and their implementation:
None

6. Other important information to facilitate a better understanding of the Company's ethical corporate management practices: (e.g., review and amendment of the policies)

(1) The Company has enacted the "Chunghwa Telecom Ethical Corporate Management Best Practice Principles" and implements a regular review process for any amendments to the principles, which includes consistently monitoring developments in domestic and international ethical corporate management standards, and by encouraging directors, management, and employees to share their recommendations, in order to improve the overall performance of corporate business ethics. To follow the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" announced by the Taiwan Stock Exchange Corporation and the ISO37001, the Company amended the "Chunghwa Telecom Ethical Corporate Management Best Practice Principles", which was approved by the 9th Board of Directors at the 8th meeting on August 5th, 2020

(2) The Company has adopted the "Code of Corporate Social Responsibility for Suppliers of Chunghwa Telecom Co., Ltd.," which fully discloses its corporate ethical principles. In addition, these principles are communicated and emphasized in procurement bidding documents and the annual supplier partner exchange conference, so the suppliers have a clear understanding of the Company's ethical management policies and commitment to conduct business activities with integrity, transparency, and responsibility. Furthermore, the Company expects its suppliers to adopt the "Ethical Corporate Management Best Practice Principles," or enact similar codes of ethics, with proper disclosure.

Note: Regardless of whether the implementation status is checked Yes or No, it is required to be in the "Expiation" section

4.7 Access to Corporate Governance Rules and Procedures

The Company has established the "Code of Corporate Governance for Chunghwa Telecom Co., Ltd.," which is available on the Company website at: Home > About CHT > Corporate Governance > Other Bylaws >
Code of Corporate Governance (https://www.cht.com.tw/en/home/cht/about-cht/corporate-governance/other-bylaws).

4.8 Other Important Information to Facilitate Better Understanding of the Company's Corporate Governance Practices

(1) The Company's Material Information Disclosure Procedure.

The Company has enacted the "Chunghwa Telecom Insider Trading Prevention and Control" guideline, which clearly specifies material information disclosure procedures, insider trading management processes, and a requirement for strict compliance with all relevant rules and regulations of the TWSE/TPEx, in order to prohibit insider trading, any improper information disclosure, and to ensure accurate and timely disclosures. Below are key content categories:

A. Target audience and scope of material information.

B. Corporate confidentiality procedure.

C. Designated responsible unit.

D. The Company's material information disclosure procedure.

(2) In fiscal year 2020, the Company's President undertook 6 hours of corporate governance related courses and training. In addition, some managers also participated in similar courses and training. In the future, the Company expects to continue such courses and training for senior executives and managers.

4.9 Internal Control Systems

(1) Statement of Internal Control System

Chunghwa Telecom Co., Ltd.
Statement of Internal Control System

Date：February 23, 2021

Based on the results of self-assessments, Chunghwa Telecom Co., Ltd. states the following with regard to its internal control system during the year 2020:

1. Our board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and we take immediate remedial actions in response to any identified deficiencies.
3. We evaluate the design and operating effectiveness of our internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component contains certain elements which stated in the Regulations.
4. We have evaluated the design and operating effectiveness of our internal control system according to the aforesaid Regulations.
5. Based on the results of such evaluation, we believe that, on December 31, 2020, we have maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of our annual report for the year 2020 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was approved by the board of directors in their meeting held on February 23, 2021, with none of the 12 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Chunghwa Telecom Co., Ltd.

Chi-mau Sheih

Chi-Mau Sheih,
Chairman and Chief Executive Officer

Shui Yi Kuo

Shui-Yi Kuo,
President

(2) Auditor Review Report

The Company did not engage CPAs to conduct internal control audit in accordance to the "Regulations Governing Establishment of Internal Control Systems by Public Companies". However, as some of the Company's shares are also traded as American Depositary Shares on the New York Stock Exchange of the United States, which stipulates that internal controls system must comply with U.S. Sarbanes-Oxley Act. As a result, the Company has engaged qualified CPAs to audit the design and operating effectiveness of internal control system accordingly, and no material weakness is discovered that may significantly impact financial reporting.

4.10 Any Penalties for Violations of Regulations or the Company's Internal Control Systems; Major Defects and the Status of Corrections of Internal Control Systems for Fiscal Year 2020 and up to the Publication Date of This Annual Report

None.

4.11 Major Resolutions of Shareholders' Meetings and Board Meetings for Fiscal Year 2020 and up to the Publication Date of This Annual Report

(1) Major Resolutions and Execution Status of 2020 General Shareholders' Meeting

A. The Company's 2019 Business Report and Financial Statements.

B. The Company's 2019 Earnings Distribution

Status: For the 2019 earnings distribution, cash dividends paid to shareholders totaled NT$32,782,969,099, representing NT$4.226 per share. July 8, 2020 served as the ex-dividend date and August 6, 2020 as the dividend payment record date. All dividends have been paid at this time.

C. Amendments to the Company's Articles of Incorporation

Status: Approved by Ministry of Economic Affairs on June 29, 2020; proper registration and disclosure can be found on the Company's website.

D. Release of non-competition restrictions on the following directors: Mr. Chi-Mau Sheih, Mr. Sin-Horng Chen, Mr. Shui-Yi Kuo, Mr. Yu-Lin Huang, and Mr. Hung-Yi Hsiao

Status: Disclosed on MOPS on May 29, 2020.

(2) Major Resolutions of Board Meetings

A. The 2nd special meeting of the 9th Board of Directors on January 8, 2020

The Company to buy shares of International Integrated Systems, Inc. from Institute for Information Industry

B. The 5th meeting of the 9th Board of Directors on January 21, 2020

1) The Company's condensed consolidated financial forecast of 2020 and the amendment to the Company's 2020 business operation plan (including budget)
2) The Company's 2020 short-term line of credit

C. The 6th meeting of the 9th Board of Directors on February 26, 2020

1) The Company's 2019 earnings distribution for compensation to directors and employees
2) The Company's 2019 operational report and financial statements
3) The Company's 2019 Internal Control Statement for the purpose of domestic regulatory and Sarbanes-Oxley Act compliance
4) The Company's 2019 earnings distribution
5) The amendment to Article 2 of the Company's Articles of Incorporation
6) The amendment to partial articles of the Company's Code of Corporate Governance
7) The amendment to partial articles of the Company's Meeting Rules of Order of the Board of Directors
8) The amendment to partial articles of the Company's Organizational Regulations for the Audit Committee
9) The amendment to the Company's Segregation of Power between Board of Directors and Management
10) To release non-competition restrictions on the Company's directors
11) To convene the Company's 2020 Annual General Meeting of Shareholders at its Training Institute at 9 am on Friday, May 29th, 2020
12) Personnel appointment for the Company's invested companies

D. The 7th meeting of the 9th Board of Directors on May 6, 2020

(1) The amendment to partial articles of the Company's Organizational Regulations for Compensation Committee

(2) The amendment to partial articles of the Company's Procurement Regulations

(3) To procure MSER Network Equipment for the year

2020 from the Company's affiliated company "Taiwan International Standard Electronics Ltd."

(4) To procure MOD Set-Top-Box for the year 2020 from the Company's affiliated company "Chunghwa System Integration Co., Ltd."

(5) The issuance of the Company's unsecured domestic corporate bonds

(6) Personnel appointment and dismissal for the Company and its invested companies

E. The 8th meeting of the 9th Board of Directors on August 5, 2020

(1) The increase of the Company's Capex for the year 2020

(2) The selection of the Company's CPA for the years 2021 to 2023

(3) The disposal of the Company's low-return asset to its interested party "Chunghwa Post Co., Ltd."

(4) To procure second-generation customer account integration system from the Company's affiliated company

(5) The amendment to partial articles of the Company's "Regulations Governing the Duties of Independent Directors"

(6) The amendment to partial articles of the Company's "Regulations Governing the Performance Evaluation of the Board of Directors"

(7) The amendment to partial articles of the Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct"

(8) The establishment of the Company's Corporate Social Responsibility (CSR) policies, system and related management guidelines

(9) Personnel appointment and dismissal for the Company and its invested companies

F. The 9th meeting of the 9th Board of Directors on November 6, 2020

(1) The change to the Company's CPA

(2) The Company's 2021 short-term line of credit

(3) The Company's 2021 Audit Plan

(4) The Company's donation to National Chengchi University of the amount of NT$2.16 million as an academic feedback fund

(5) Personnel appointment and dismissal for the Company and its invested companies

G. The 10th meeting of the 9th Board of Directors on December 15, 2020

Personnel appointment and dismissal for the Company and its invested companies

H. The 11th meeting of the 9th Board of Directors on January 26, 2021

(1) The Company's business operation plan (including budget) and condensed consolidated financial forecast for the year 2021

(2) The Company to lease its land

(3) The distribution of a one-time employee incentive bonus

(4) Personnel appointment for the Company's invested companies

I. The 12th meeting of the 9th Board of Directors on February 23, 2021

(1) The Company's 2020 earnings distribution for remuneration to directors and employees

(2) The Company's 2020 operational report and financial statements

(3) The Company's 2020 Internal Control Statement for the purpose of domestic regulatory and Sarbanes-Oxley Act compliance

(4) The Company's 2020 earnings distribution

(5) Renew the Company's Employee Stock Ownership Plan for three years from April 2021

(6) The amendment to partial articles of the Company's Articles of Incorporation

(7) The amendment to partial articles of the Company's Ordinance of Shareholders Meetings

(8) The amendment to partial articles of the Company's Directors Election Regulations

(9) To release non-competition restrictions on the Company's directors

(10) To convene the Company's 2021 Annual General Meeting of Shareholders at its Training Institute at 9 am on Friday, May 28th, 2021

4.12 Major Dissenting Comments Among Directors Over Board Meeting Resolutions for Fiscal Year 2020 and up to the Publication Date of This Annual Report

None.

4.13 Resignation/Dismissal of Key Officers (including Chairman, President, Accounting Manager, Financial Manager, Internal Auditor, Corporate Governance Manager and R&D Manager) for Fiscal Year 2020 and up to the Publication Date of This Annual Report

Position	Name	Date of Appointment	Termination Date	Reason for Resignation or Dismissal
Financial Manager	Shui-Yi Kuo	August 9, 2017	September 1, 2020(Note1)	Job Transfer
R&D Manager	Rong-Shy Lin	November 15, 2018	June 30, 2020(Note 2)	Job Transfer
Corporate Governance Manager	Kuo-Chiang Chung	March 19, 2019	January 1, 2021(Note 3)	Retirement

Note 1: Shui-Yi Kuo, the President of the Company, has served as the Company's the Senior Executive Vice President of Finance and Chief financial officer since August 9, 2017. He later served as the President of the Company starting on May 8, 2019 and concurrently served as the Senior Executive Vice President of Finance and Chief financial officer. On September 1, 2020, Mr. Kuo was dismissed from his position as the Senior Executive Vice President of Finance and Chief financial officer.

Note 2: Rong-Shy Lin, the Senior Executive Vice President of Technology, who previously served as the President of the Company's Data Communications Business Group and concurrently as the President of the Company's Telecommunication Laboratories starting from November 15th, 2018. He later served as the Senior Executive Vice President of Technology starting June 30th, 2020, and on the same day, Mr. Lin was dismissed from his positions as the President of the Company's Data Communications Business Group and the President of the Company's Telecommunication Laboratories.

Note 3: Kuo-Chiang Chung, the Vice President of Legal Affairs, who previously served as the Corporate Governance Manager of the Company starting from March 19, 2019. He retired and was dismissed from his positions as the Vice President of Legal Affairs and the Company's Corporate Governance Manager on January 1, 2021.

5. Certified Public Accountant, or CPA, Professional Fees

Accounting Firm	Name of CPA	Audit Period	Remarks
Deloitte & Touche	Dien-Sheng Chang and Cheng-Hung Kuo	January 1 ~ December 31, 2020	-

CPA Professional Fee Range

Unit: NT$'000

Fee Range \ Fee Items		Audit Fee	Non-audit Fee	Total
1	Under NT$ 2,000,000	-	-	-
2	NT$2,000,000 ~ NT$4,000,000	-	-	-
3	NT$4,000,000 ~ NT$6,000,000	-	-	-
4	NT$6,000,000 ~ NT$8,000,000	-	-	-
5	NT$8,000,000 ~ NT$10,000,000	-	-	-
6	Over NT$10,000,000	30,090	100	30,190

5.1 If non-audit fees paid to CPAs, their accounting firm and its affiliates are more than one-fourth of total audit fees, specify the amount of audit and non-audit fees, as well as the scope of non-audit services

Non-audit fees paid to CPAs, their accounting firm and its affiliates were less than one-fourth of total audit fees. Non-audit fees of $100,000 paid in 2020 were for reviewing the non-management employees' salary information by the accounting firm.

5.2 If the audit fees of the year in which the Company changes CPA firm is lower than that of the prior year, specify the amount of audit fee before and after, the fee reduction percentage, and the reasons

Not applicable as the Company did not change CPA firm in 2020.

5.3 If the audit fee dropped year on year by more than 15%, specify the amount, percentage, and reasons for the reduction

The audit fee in 2020 for the Company was NT$30.090 million, representing an increase of 9.13% compared to the previous year.

6. Change of Certified Public Accountant

(1) Former CPAs

Date of change	Approved by Board of Directors on November 6, 2020		
Reasons and Explanation of Changes	In order to maintain the independence of the CPAs and adhere to the rotation mechanism of the CPA firm, the engagement partners Dien-Sheng Chang and Ching-Pin Shih were replaced by Dien-Sheng Chang and Cheng-Hung Kuo starting from 2020 Q3.		
State whether the Appointment is Terminated or Rejected by the Consignor or CPAs	Client / Status	CPA	Consignor
	Appointment terminated automatically	Not applicable	Not applicable
	Appointment rejected (discontinued)	Not applicable	Not applicable
The Opinions other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions	Not applicable		
Is there any disagreement in opinion with the issuer	Yes	-	Accounting principle or practice
		-	Disclosure of financial statements
		-	Auditing scope or procedures
		-	Others
	No	V	
	Explanation		
Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Regulations Governing Information to be Published in Annual Reports of Public Companies)	None		

(2) Successor CPAs

Accounting Firm	Deloitte & Touche
CPA	Dien-Sheng Chang CPA and Cheng-Hung Kuo CPA
Date of Engagement	Approved by Board of Directors on November 6, 2020
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	Not applicable
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions	Not applicable

(3) The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Regulations Governing Information to be Published in Annual Reports of Public Companies:

Not applicable.

7. Audit Independence for the Most Recent Year

None.

8. Shareholding Changes of Directors, Supervisors, Management, and Major Shareholders with Shareholding of 10% and more for the most recent year and up to the Publication Date of this Annual Report

8.1 Shareholding Changes of directors, managers and major shareholders

Title	Name	2020		As of February 28, 2021	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
Major Shareholder & Director	MOTC (Note1)	0	0	0	0
Chairman	Chi-Mau Sheih (Note 2)	0	0	0	0
Director	Shui-Yi Kuo (Note 2)	0	0	35,000	0
Director	Shin-Yi Chang (Note 2)	0	0	0	0
Director	Lien-Chuan Lee (Note 2)	0	0	0	0
Director	Sin-Horng Chen (Note 2)	0	0	0	0
Director	Yu-Lin Huang (Note 2)	0	0	0	0
Director	Hung-Yi Hsiao (Note 2)	0	0	0	0
Director	Chin-Tsai Pan (Note 2)	0	0	0	0
Independent Director	Lo-Yu Yen	0	0	0	0
Independent Director	JenRan Chen	0	0	0	0
Independent Director	Yu-Fen Lin	0	0	0	0
Independent Director	Chung-Chin Lu	0	0	0	0
Independent Director	Yi-Chin Tu	0	0	0	0
President	Shui-Yi Kuo	0	0	35,000	0
Senior Executive Vice President	Hong-Chan Ma	0	0	0	0
Senior Executive Vice President	Kuo-Feng Lin (dismissed on June 30, 2020)	0	0	0	0

Title	Name	2020		As of February 28, 2021	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
Senior Executive Vice President	Rong-Shy Lin (succeeded on June 30, 2020)	0	0	0	0
Senior Executive Vice President	Wei-Kuo Hong (succeeded on June 30, 2020)	0	0	0	0
Senior Executive Vice President	Yu-Shen Chen (succeeded on September 1, 2020)	0	0	0	0
Vice President	Kuo-Chiang Chung (dismissed on January 1, 2021)	0	0	0	0
Vice President	Hui-Chen Wei (succeeded on January 4, 2021)	0	0	0	0
Vice President	Shu-Ling Chen	0	0	0	0
Vice President	Shih-Chung Chang	0	0	0	0
Vice President	Yuan-Kai Chen (succeeded on November 27, 2020)	0	0	0	0
Vice President	Shih-Mo Leu	0	0	0	0
Vice President	Chun-Te Lee	0	0	0	0
Vice President	Shui-Mu Chiang (succeeded on January 4, 2021)	0	0	0	0
Vice President	Wen-Wang Tseng	0	0	0	0
Vice President	Jeu-Yih Jeng	0	0	0	0
Vice President	Chih-Hsiung Huang (succeeded on November 27, 2020)	0	0	0	0
Vice President	Yao-Kun Chou (dismissed on January 1, 2020)	0	0	0	0
Vice President	Chung-Yung Kang (succeeded on January 2, 2020)	0	0	0	0
Vice President	Ruey-Shu Chiu (dismissed on December 31, 2020)	0	0	0	0
Vice President	Wen-Chih Lin (succeeded on December 31, 2020)	0	0	0	0
Vice President	Rong-Yih Chen	0	0	0	0
Vice President	I-Fang Wu (succeeded on November 27, 2020)	(9,000)	0	0	0
Vice President	Wu-Sung Kao (dismissed on June 30, 2020)	0	0	0	0
Vice President	Mao-Sing Lin (succeeded on June 30, 2020)	(15,000)	0	0	0
Assistant Vice President	Ya-Chien Hsueh(Note 3)	0	0	0	0

Title	Name	2020		As of February 28, 2021	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
Assistant Vice President	Lii-Jia Guo	0	0	0	0
Assistant Vice President	Fu-Fu Shen	(2,000)	0	0	0
Assistant Vice President	Ze-Run Liu	0	0	0	0
Assistant Vice President	Chi-Hsien Huang (dismissed on September 28, 2020)	0	0	0	0
Assistant Vice President	Ching-Hsu Wang	0	0	0	0
Assistant Vice President	Petrina Chong	0	0	0	0
Assistant Vice President	Vincent Chen	0	0	0	0
Assistant Vice President	Timothy Horng (dismissed on January 1, 2021)	0	0	0	0
Assistant Vice President	Shih-Yuan Lin (succeeded on January 4, 2021)	0	0	0	0
Assistant Vice President	Wen-Ming Chuang	0	0	0	0
Assistant Vice President	Shu-Ling Chen	0	0	0	0
Assistant Vice President	Yeh-Chin Ho	0	0	0	0
Assistant Vice President	Ru-Kuen Lee	0	0	0	0
President of Business Group	Yuan-Kuang Tu (dismissed on January 1, 2021)	0	0	0	0
Vice President of Business Group	Chih-Chin Yu (dismissed on January 1, 2020)	0	0	0	0
Vice President of Business Group	Zhi-Cheng Luo (succeeded on January 2, 2020)	(10,000)	0	0	0
President of Branch	Hui-Pao Huang (dismissed on January 1, 2020)	0	0	0	0
President of Branch	Jason Hsu (succeeded on January 1, 2020)	0	0	0	0
Vice President of Branch	Chyi-Tian Chiou (dismissed on June 30, 2020)	0	0	0	0
Vice President of Branch	Jimmy Shih (succeeded on July 13, 2020)	0	0	0	0
Vice President of Branch	Victoria Liao	0	0	0	0
Vice President of Branch	Kuan-Chun Hsieh (dismissed on January 1, 2021)	0	0	0	0
President of Branch	Hung-Chao Tang (dismissed on May 18, 2020)	0	0	0	0

Title	Name	2020		As of February 28, 2021	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
President of Branch	Ben-Yuan Chang (succeeded on May 18, 2020)	0	0	0	0
Vice President of Branch	Chen-Chien Su	0	0	0	0
Vice President of Branch	Ying-Hsueh Wang (succeeded on August 4, 2020)	0	0	0	0
President of Branch	Jinun-Jye Lee	0	0	0	0
Vice President of Branch	Bi-Lian Liu	0	0	0	0
President of Branch	Nien-Yee Liu	0	0	0	0
Vice President of Branch	Po-Ta Tseng (succeeded on July 30, 2020)	0	0	0	0
President of Branch	Jing-Ming Chen (succeeded on January 1, 2020)	0	0	0	0
Vice President of Branch	Song-Hsiung Lin (succeeded on December 15, 2020)	0	0	0	0
President of Branch	Sheng-Haun Chang (dismissed on January 1, 2021)	0	0	0	0
President of Branch	Huan Hsing Chen (succeeded on January 1, 2021)	0	0	0	0
Vice President of Branch	Hon-Yu Chang (succeeded on January 4, 2021)	0	0	0	0
President of Branch	Shih-Chieh Chang (succeeded on July 13, 2020)	0	0	0	0
Vice President of Branch	Ling Chao	0	0	0	0
President of Branch	Hung-Liang Yin (dismissed on June 30, 2020)	0	0	0	0
President of Branch	Yung-Hua Chou (succeeded on June 30, 2020)	0	0	0	0
Vice President of Branch	Shi-Zu Liu	0	0	0	0
President of Business Group	I-Feng Chang	0	0	0	0
Vice President of Business Group	Chin-Chun Chang Chien (dismissed on June 30, 2020)	(5,000)	0	0	0
Vice President of Business Group	Kuan-Hsiung Liang	0	0	0	0
Vice President of Business Group	Huang-Long Hong (dismissed on June 30, 2020)	0	0	0	0
Vice President of Business Group	Ker-Chih Hwang (succeeded on July 7, 2020)	0	0	0	0
President of Branch	Chio-Fu Lai	0	0	0	0

Title	Name	2020		As of February 28, 2021	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
Vice President of Branch	Ching-Chuan Kuo (succeeded on July 6, 2020)	0	0	0	0
Vice President of Branch	Ruei-Shiuan Chang (succeeded on July 8, 2020)	0	0	0	0
President of Branch	Chin-Tu Lin	0	0	0	0
Vice President of Branch	Tsai-Chen Lan (dismissed on June 30, 2020)	0	0	0	0
Vice President of Branch	Yi-Mao Lin (dismissed on July 6, 2020) (succeeded on August 18, 2020)	0	0	0	0
President of Branch	Tang Chang	0	0	0	0
Vice President of Branch	Chung-Ta Hsieh (succeeded on February 26, 2020)	0	0	0	0
President of Branch	Wen-Tu Chang	0	0	0	0
Vice President of Branch	Mu-Hsiang Lai (succeeded on July 6, 2020)	0	0	0	0
President of Branch	Ching-Chuan Wang	15,000	0	0	0
Vice President of Branch	Rong-Shuen Huang	0	0	0	0
Vice President of Branch	Ru-Dar Yang (succeeded on July 3, 2020)	0	0	0	0
President of Branch	Chia-Hsing Li (succeeded on July 7, 2020)	0	0	0	0
Vice President of Branch	Chaw-Chia Chang	0	0	0	0
Vice President of Branch	Yu-Chen Tsai (dismissed on June 30, 2020)	(13,000)	0	0	0
Vice President of Branch	Jung-Huang Huang	0	0	0	0
Vice President of Branch	Adorn Yeh (dismissed on January 1, 2021)	0	0	0	0
President of Branch	Yung-Chien Mao	0	0	0	0
Vice President of Branch	Zhong-Xing Yan	0	0	0	0
President of Branch	Hsi-Sheng Cheng	0	0	0	0
President of Business Group	Li-Show Wu	0	0	0	0
Vice President of Business Group	Hui-Fen Lin	0	0	0	0
Vice President of Business Group	Ru-Bin Sun	0	0	0	0

Title	Name	2020		As of February 28, 2021	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
President of Business Group	Ming-Shih Chen (dismissed on January 1, 2021)	0	0	0	0
President of Business Group	Chih-Cheng Chien (succeeded on January 1, 2021)	0	0	0	0
Vice President of Business Group	Hsueh-Hai Hu	0	0	0	0
Assistant Vice President of Business Group	Zhong-Yong Jia	1,000	0	0	0
President of Branch	Kuo-Chi Huang	0	0	0	0
Vice President of Branch	Chi-Huang Su (succeeded on August 18, 2020)	0	0	0	0
President of Branch	Chin-Kun Lin	0	0	0	0
Vice President of Branch	Jen-Shang Lin	0	0	0	0
President of Branch	Der-Shing Rau (dismissed on June 30, 2020)	0	0	0	0
President of Branch	Jung-Chin Kung (succeeded on June 30, 2020)	0	0	0	0
Vice President of Branch	De-Ming Chen	0	0	0	0
President of Business Group	Hsueh-Lan Wu	18,000	0	0	0
Vice President of Business Group	Chin-Chou Chen (succeeded on December 4, 2020)	0	0	0	0
President of Business Group	Chau-Young Lin (succeeded on June 30, 2020)	0	0	0	0
Vice President of Business Group	Ting-Ming Lin	(4,000)	0	0	0
Vice President of Business Group	Quen-Zong Wu	0	0	0	0
Vice President of Telecommunication Laboratories	Jung-Kuei Chen	0	0	0	0
Vice President of Telecommunication Laboratories	Hey-Chyi Young	0	0	0	0
Vice President of Telecommunication Training Institute	Hong-Bin Chiou	0	0	0	0

Notes: 1. Major shareholders with 10% and more shareholding of the Company
2. Representatives of MOTC
3. Ms. Ya-Chien Hsueh, assistant vice president of legal affairs department, serves as the Company's corporate governance manager since January 1, 2021

8.2 Stock Trade with Related Party

None.

8.3 Stock Pledge with Related Party

None.

9. Relationship among the Top Ten Shareholders

Record Date：July 4, 2020

Name	Current Shareholding		Spouses' and Minors' Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Ministry of Transportation and Communications	2,737,718,976	35.29%	NA	NA	NA	NA	Chunghwa Post	MOTC owns 100%	
Representative of MOTC Chia-Lung Lin	0	0%	0	0%	0	0%	None	None	
Shin Kong Life Insurance Co., Ltd.	632,961,184	8.16%	NA	NA	NA	NA	None	None	
Representative of Shin Kong Life Tung-Chin Wu	0	0%	0	0%	0	0%	None	None	
CTBC Bank Trust Account - CHT Employee Stock Ownership Trust Plan	332,672,956	4.29%	NA	NA	NA	NA	None	None	
JP Morgan Chase Bank, N.A., acting as depositary and representative of CHT ADRS	235,946,960	3.04%	NA	NA	NA	NA	None	None	
Cathay Life Insurance Co., Ltd.	222,217,000	2.86%	NA	NA	NA	NA	None	None	
Representative of Cathay Life Insurance Tiao-Kuei Huang	7,272	0.00009%	0	0%	0	0%	None	None	
Chunghwa Post Co., Ltd.	144,024,719	1.86%	NA	NA	NA	NA	MOTC	The only shareholder of Chunghwa Post	
Representative of Chunghwa Post Hong-Mo Wu	0	0%	0	0%	0	0%	None	None	
Labor Pension Fund of the New Labor Pension System, R.O.C.	129,639,500	1.67%	NA	NA	NA	NA	None	None	
Labor Insurance Fund, R.O.C	117,949,644	1.52%	NA	NA	NA	NA	None	None	
Taiwan Life Insurance Co., Ltd.	85,719,000	1.10%	NA	NA	NA	NA	None	None	
Representative of Taiwan Life Insurance Su-Kuo Huang	0	0%	0	0%	0	0%	None	None	
Fubon Life Insurance Co., Ltd.	67,867,855	0.87%	NA	NA	NA	NA	None	None	
Representative of Fubon Life Insurance Richard M. Tsai	0	0%	0	0%	0	0%	None	None	

10. Comprehensive Shareholding Information Relating to the Company, Directors, Management, and Companies Affiliated through Direct and Indirect Investments

As of December 31, 2020
Unit: Share; %

Affiliated Companies (Note)	Investments of the Company		Direct or Indirect Investments		Total Investments	
	Shares	%	Shares	%	Shares	%
Prime Asia Investments Group Ltd. (B.V.I.) ("Prime Asia")	1,301	100%	-	-	1,301	100%
CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	15,000,000	100%	-	-	15,000,000	100%
Donghwa Telecom Co., Ltd. ("DHT")	402,590,005	100%	-	-	402,590,005	100%
Chunghwa Telecom Global, Inc. ("CHTG")	6,000,000	100%	-	-	6,000,000	100%
Chunghwa System Integration Co., Ltd. ("CHSI")	60,000,000	100%	-	-	60,000,000	100%
Light Era Development Co., Ltd. ("LED")	300,000,000	100%	-	-	300,000,000	100%
Chunghwa Telecom Singapore Pte., Ltd. ("CHTS")	26,382,976	100%	-	-	26,382,976	100%
Chunghwa Telecom Japan Co., Ltd. ("CHTJ")	1,000	100%	-	-	1,000	100%
Chunghwa Telecom Vietnam Co., Ltd. ("CHTV")	-	100%	-	-	-	100%
Honghwa International Co., Ltd. ("HHI")	18,000,000	100%	-	-	18,000,000	100%
Chunghwa Telecom (Thailand) Co., Ltd. ("CHTT")	1,300,000	100%	-	-	1,300,000	100%
Chunghwa Investment Co., Ltd. ("CHI")	68,085,000	89%	-	-	68,085,000	89%
CHT Security Co., Ltd. ("CHTSC")	24,000,000	80%	-	-	24,000,000	80%
Chunghwa Leading Photonics Tech. Co., Ltd. ("CLPT")	7,050,000	75%	-	-	7,050,000	75%
Smartfun Digital Co., Ltd. ("SFD")	6,500,000	65%	-	-	6,500,000	65%
CHIEF Telecom Inc. ("CHIEF")	39,425,803	56%	2,078,000	3%	41,503,803	59%
Spring House Entertainment Tech. Inc. ("SHE")	8,250,731	56%	-	-	8,250,731	56%
International Integrated Systems, Inc. ("IISI")	37,210,575	51%	-	-	37,210,575	51%
Chunghwa Sochamp Technology Inc. ("CHST")	2,040,000	51%	-	-	2,040,000	51%
Senao International Co., Ltd. ("SENAO")	71,773,155	28%	1,001,000	0%	72,774,155	28%
Chunghwa SEA Holdings ("CHT SEA")	1,020,000	51%	-	-	1,020,000	51%
Chunghwa PChome Fund I Co., Ltd. ("CPFI")	20,000,000	50%	-	-	20,000,000	50%
Cornerstone Ventures Co., Ltd. ("CVC")	490,000	49%	-	-	490,000	49%
Next Commercial Bank Co., Ltd ("NCB")	419,000,000	42%	-	-	419,000,000	42%
Taiwan International Standard Electronics Co., Ltd. ("TISE")	1,760,000	40%	-	-	1,760,000	40%
KKBOX Taiwan Co., Ltd. ("KKBOX TW")	4,438,286	30%	-	-	4,438,286	30%
So-net Entertainment Taiwan Limited ("So-net")	9,429,000	30%	-	-	9,429,000	30%
Viettel-CHT Co., Ltd. ("Viettel-CHT")	-	30%	-	-	-	30%
Taiwan International Ports Logistics Corporation ("TIPL")	8,000,000	27%	-	-	8,000,000	27%
KingwayTek Technology Co., Ltd. ("KWT")	8,687,806	23%	-	-	8,687,806	23%
Alliance Digital Tech Co., Ltd. ("ADT")	6,000,000	14%	-	-	6,000,000	14%

Note: The table above displays Investment accounted for using the equity method.

Appendix A

Directors' Continuing Education Records for fiscal year 2020

Title	Name	Appointment Date	Training Period		Organizer	Course Name	Training Hours	In Compliance with Regulations? (Note)
			From	To				
Representative of Juristic Person Director (Chairman & CEO)	Chi-Mau Sheih	June 21, 2019	January 21, 2020	January 21, 2020	Taiwan Corporate Governance Association	Market reformation under nowadays turbulent economy	6	Y
			November 6, 2020	November 6, 2020	Taiwan Corporate Governance Association	When a corporation cooperates with an intellectual government, focusing on the trends and challenges of information security governance issues		
Representative of Juristic Person Director (President)	Shui-Yi Kuo	June 21, 2019	January 21, 2020	January 21, 2020	Taiwan Corporate Governance Association	Market reformation under nowadays turbulent economy	6	Y
			November 6, 2020	November 6, 2020	Taiwan Corporate Governance Association	When a corporation cooperates with an intellectual government, focusing on the trends and challenges of information security governance issues		
Representative of Juristic Person Director	Shin-Yi Chang	June 21, 2019	January 21, 2020	January 21, 2020	Taiwan Corporate Governance Association	Market reformation under nowadays turbulent economy	6	Y
			November 6, 2020	November 6, 2020	Taiwan Corporate Governance Association	When a corporation cooperates with an intellectual government, focusing on the trends and challenges of information security governance issues		
Representative of Juristic Person Director	Lien-Chuan Lee	September 16, 2019	January 21, 2020	January 21, 2020	Taiwan Corporate Governance Association	Market reformation under nowadays turbulent economy	6	Y
			November 6, 2020	November 6, 2020	Taiwan Corporate Governance Association	When a corporation cooperates with an intellectual government, focusing on the trends and challenges of information security governance issues		
Representative of Juristic Person Director	Sin-Horng Chen	June 21, 2019	January 21, 2020	January 21, 2020	Taiwan Corporate Governance Association	Market reformation under nowadays turbulent economy	6	Y
			November 6, 2020	November 6, 2020	Taiwan Corporate Governance Association	When a corporation cooperates with an intellectual government, focusing on the trends and challenges of information security governance issues		

Title	Name	Appointment Date	Training Period		Organizer	Course Name	Training Hours	In Compliance with Regulations? (Note)
			From	To				
Representative of Juristic Person Director	Yu-Lin Huang	June 21, 2019	January 21, 2020	January 21, 2020	Taiwan Corporate Governance Association	Market reformation under nowadays turbulent economy	6	Y
			November 6, 2020	November 6, 2020	Taiwan Corporate Governance Association	When a corporation cooperates with an intellectual government, focusing on the trends and challenges of information security governance issues		
Representative of Juristic Person Director	Hung-Yi Hsiao	June 21, 2019	January 21, 2020	January 21, 2020	Taiwan Corporate Governance Association	Market reformation under nowadays turbulent economy	6	Y
			November 6, 2020	November 6, 2020	Taiwan Corporate Governance Association	When a corporation cooperates with an intellectual government, focusing on the trends and challenges of information security governance issues		
Representative of Juristic Person Director	Chin-Tsai Pan	June 21, 2019	January 21, 2020	January 21, 2020	Taiwan Corporate Governance Association	Market reformation under nowadays turbulent economy	14	Y
			September 3, 2020	September 4, 2020	Ministry of Labor	Professional Knowledge Training Activities for labor directors of the year 2020		
			November 6, 2020	November 6, 2020	Taiwan Corporate Governance Association	When a corporation cooperates with an intellectual government, focusing on the trends and challenges of information security governance issues		
Independent Director	Lo-Yu Yen	June 21, 2019	January 21, 2020	January 21, 2020	Taiwan Corporate Governance Association	Market reformation under nowadays turbulent economy	9	Y
			August 26, 2020	August 26, 2020	Taiwan Corporate Governance Association	Utilizing digital transformation to achieve a new take-off of Xinyi Realty		
			November17, 2020	November17, 2020	Taiwan Corporate Governance Association	ESG issues and the management of brand crisis		

Title	Name	Appointment Date	Training Period		Organizer	Course Name	Training Hours	In Compliance with Regulations? (Note)
			From	To				
Independent Directorr	JenRan Chen	June 21, 2019	January 21, 2020	January 21, 2020	Taiwan Corporate Governance Association	Market reformation under nowadays turbulent economy	6	Y
			October 27, 2020	October 27, 2020	Taiwan Corporate Governance Association	ESG development trend and socially responsible investment (SRI)		
Independent Director	Yu-Fen Lin	June 21, 2019	January 21, 2020	January 21, 2020	Taiwan Corporate Governance Association	Market reformation under nowadays turbulent economy	18	Y
			June 9, 2020	June 9, 2020	Taiwan Corporate Governance Association	A Study of Corporate Fraud and Anti-Money Laundering		
			July 10, 2020	July 10, 2020	Taiwan Corporate Governance Association	To Give or not to Give -- Director's Information Right		
			August 7, 2020	August 7, 2020	Taiwan Corporate Governance Association	The Key Technology and Applications of 5G and IoT		
			September 4, 2020	September 4, 2020	Taiwan Academy of Banking and Finance	Explanation of Company Act and international trend of money laundering prevention and fighting against capital terrorism		
			December 11, 2020	December 11, 2020	Taiwan Corporate Governance Association	The director's responsibility and liability in an M&A deal		
Independent Director	Chung-Chin Lu	June 21, 2019	January 21, 2020	January 21, 2020	Taiwan Corporate Governance Association	Market reformation under nowadays turbulent economy	6	Y
			November 6, 2020	November 6, 2020	Taiwan Corporate Governance Association	When a corporation cooperates with intellectual government, focusing on the trends and challenges of information security governance issues		
Independent Director	Yi-Chin Tu	June 21, 2019	January 21, 2020	January 21, 2020	Taiwan Corporate Governance Association	Market reformation under nowadays turbulent economy	6	Y
			November 6, 2020	November 6, 2020	Taiwan Corporate Governance Association	When a corporation cooperates with intellectual government, focusing on the trends and challenges of information security governance issues		

Note : Refers to compliance with respect to "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" in terms of hours, scope, system, arrangement, and disclosure.

Appendix B

President, Senior Executive Vice Presidents, and Other Management Officers Continuing Education Records for Fiscal Year 2020

Title	Name	Appointment Date	Training Period		Organizer	Course Title	Hours
			From	To			
President	Shui-Yi Kuo	May 8, 2019	Jan 21, 2020	Jan 21, 2020	Taiwan Corporate Governance Association	Market reformation under nowadays turbulent economy	3
			Mar 27, 2020	Mar 27, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Apr 24, 2020	Apr 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Jun 24, 2020	Jun 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	6.5
			Jul 31, 2020	Jul 31, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Aug 27, 2020	Aug 27, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Sep 28, 2020	Sep 28, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Nov 2, 2020	Nov 2, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			Nov 6, 2020	Nov 6, 2020	Taiwan Corporate Governance Association	When a corporation cooperates with an intellectual government, focusing on the trends and challenges of information security governance issues	3
			Dec 2, 2020	Dec 2, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
Senior Executive Vice President	Hong-Chan Ma	Aug 10, 2018	Jan 21, 2020	Jan 21, 2020	Taiwan Corporate Governance Association	Market change in turbulent economy	3
			Mar 27, 2020	Mar 27, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Apr 24, 2020	Apr 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Jun 24, 2020	Jun 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	6.5
			Jul 31, 2020	Jul 31, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Aug 13, 2020	Aug 14, 2020	Chunghwa Telecom	109 Channel service incentive camp	4.3
			Aug 27, 2020	Aug 27, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Sep 28, 2020	Sep 28, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Nov 2, 2020	Nov 2, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			Nov 6, 2020	Nov 6, 2020	Taiwan Corporate Governance Association	Trend and Challenge of Information Security Governance	3
			Dec 2, 2020	Dec 2, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4

Title	Name	Appointment Date	Training Period		Organizer	Course Title	Hours
			From	To			
Senior Executive Vice President	Kuo-Feng Lin	Nov 11, 2016 (Retired on Jun 30, 2020)	Jan 21, 2020	Jan 21, 2020	Taiwan Corporate Governance Association	Market change in turbulent economy	3
			Apr 24, 2020	Apr 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Jun 24, 2020	Jun 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	6.5
			Dec 8, 2020	Dec 8, 2020	Chunghwa Telecom Investment Office	Trend and Challenge of Information Security Governance	4
Senior Executive Vice President	Rong-Shy Lin	Jun 30, 2020	Jan 21, 2020	Jan 21, 2020	Taiwan Corporate Governance Association	Market change in turbulent economy	3
			Mar 27, 2020	Mar 27, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Apr 24, 2020	Apr 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Jun 24, 2020	Jun 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	6.5
			Jul 31, 2020	Jul 31, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Sep 28, 2020	Sep 28, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Nov 2, 2020	Nov 2, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			Nov 6, 2020	Nov 6, 2020	Taiwan Corporate Governance Association	Trend and Challenge of Information Security Governance	3
			Nov 8, 2020	Dec 27, 2020	Ming Shan School Diploma	Advanced Management Program Class 2	48
Senior Executive Vice President	Wei-Kuo Hong	Jun 30, 2020	Mar 27, 2020	Mar 27, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Apr 24, 2020	Apr 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Jun 17, 2020	Jun 17, 2020	Telecommunication Training Institute, Chunghwa Telecom	5G Smart Applications seminar	4.5
			Jun 22, 2020	Jun 22, 2020	Telecommunication Training Institute, Chunghwa Telecom	2020 5G pilot seminar	6
			Jun 24, 2020	Jun 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	6.5
			Jul 31, 2020	Jul 31, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Sep 28, 2020	Sep 28, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Nov 2, 2020	Nov 2, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			Nov 6, 2020	Nov 6, 2020	Taiwan Corporate Governance Association	Trend and Challenge of Information Security Governance	3
			Dec 2, 2020	Dec 2, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Dec 8, 2020	Dec 8, 2020	Chunghwa Telecom Investment Office	Trend and Challenge of Information Security Governance	4

Title	Name	Appointment Date	Training Period		Organizer	Course Title	Hours
			From	To			
Senior Executive Vice President	Yu-Shen Chen	Sep 1, 2020	Sep 28, 2020	Sep 28, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Nov 2, 2020	Nov 2, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			Dec 2, 2020	Dec 2, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
President of Business Group	Yuan-Kuang Tu	Nov 9, 2017 (Retired on Jan 1, 2021)	Jan 21, 2020	Jan 21, 2020	Taiwan Corporate Governance Association	Market change in turbulent economy	3
			Mar 27, 2020	Mar 27, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Apr 24, 2020	Apr 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Jun 24, 2020	Jun 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	6.5
			Jul 24, 2020	Jul 25, 2020	Chunghwa Telecom	109 Channel sales seminar	13
			Aug 13, 2020	Aug 14, 2020	Chunghwa Telecom	109 Channel service incentive camp	4.3
			Aug 27, 2020	Aug 27, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Nov 2, 2020	Nov 2, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			Nov 6, 2020	Nov 6, 2020	Taiwan Corporate Governance Association	Trend and Challenge of Information Security Governance	3
			Dec 2, 2020	Dec 2, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Dec 16, 2020	Dec 16, 2020	Chunghwa Telecom	2020 Marking incentive camp	6
			Dec 23, 2020	Dec 24, 2020	Chunghwa Telecom	109 Enterprise service consensus camp	18

Title	Name	Appointment Date	Training Period		Organizer	Course Title	Hours
			From	To			
President of Business Group	I-Feng Chang	August 22, 2019	Mar 27, 2020	Mar 27, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Apr 24, 2020	Apr 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Jun 24, 2020	Jun 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	6.5
			Jul 31, 2020	Jul 31, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Aug 13, 2020	Aug 14, 2020	Chunghwa Telecom	109 Channel service incentive camp	4.3
			Sep 28, 2020	Sep 28, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Nov 2, 2020	Nov 2, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			Nov 6, 2020	Nov 6, 2020	Taiwan Corporate Governance Association	Trend and Challenge of Information Security Governance	3
			Dec 2, 2020	Dec 2, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Dec 8, 2020	Dec 8, 2020	Chunghwa Telecom Investment Office	Trend and Challenge of Information Security Governance	4
President of Business Group	Ming-Shih Chen	Nov 9, 2017 (Retired on Jan 1, 2021)	Jan 21, 2020	Jan 21, 2020	Taiwan Corporate Governance Association	Market change in turbulent economy	3
			Mar 27, 2020	Mar 27, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Apr 24, 2020	Apr 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Jun 24, 2020	Jun 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	6.5
			Aug 27, 2020	Aug 27, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Sep 28, 2020	Sep 28, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Nov 2, 2020	Nov 2, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			Nov 6, 2020	Nov 6, 2020	Taiwan Corporate Governance Association	Trend and Challenge of Information Security Governance	3
			Dec 8, 2020	Dec 8, 2020	Chunghwa Telecom Investment Office	Trend and Challenge of Information Security Governance	4

Title	Name	Appointment Date	Training Period		Organizer	Course Title	Hours
			From	To			
President of Business Group	Li-Show Wu	Jan 1, 2019	Mar 27, 2020	Mar 27, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Apr 24, 2020	Apr 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Jun 24, 2020	Jun 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	6.5
			Aug 27, 2020	Aug 27, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Nov 2, 2020	Nov 2, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	3.5
			Nov 6, 2020	Nov 6, 2020	Taiwan Corporate Governance Association	Trend and Challenge of Information Security Governance	3
President of Business Group	Hsueh-Lan Wu	Nov 15, 2018	Jan 21, 2020	Jan 21, 2020	Taiwan Corporate Governance Association	Market change in turbulent economy	3
			Mar 27, 2020	Mar 27, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Apr 24, 2020	Apr 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Jun 24, 2020	Jun 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	6.5
			Sep 28, 2020	Sep 28, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
President of Business Group	Chau-Young Lin	Jun 30, 2020	Jan 21, 2020	Jan 21, 2020	Taiwan Corporate Governance Association	Market change in turbulent economy	3
			Mar 27, 2020	Mar 27, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Apr 24, 2020	Apr 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Jun 24, 2020	Jun 24, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	6.5
			Jul 31, 2020	Jul 31, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Nov 6, 2020	Nov 6, 2020	Taiwan Corporate Governance Association	Trend and Challenge of Information Security Governance	3
President	Chih-Cheng Chien	Jun 30, 2020	Jan 21, 2020	Jan 21, 2020	Taiwan Corporate Governance Association	Market change in turbulent economy	3
			Jul 31, 2020	Jul 31, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Aug 27, 2020	Aug 27, 2020	Telecommunication Training Institute, Chunghwa Telecom	Manager Operations Discussion Forum	4
			Nov 6, 2020	Nov 6, 2020	Taiwan Corporate Governance Association	Trend and Challenge of Information Security Governance	3

4 Capital Review

1. Capital and Shares
2. Corporate Bonds
3. Preferred Shares
4. Overseas Depository Receipts
5. Employee Stock Options
6. List of Executives Receiving Employee Stock Options and Top Ten Employees with Stock Options up to the Publication Date of this Annual Report
7. Employee Restricted Stock Shares
8. List of Executives Receiving Restricted Shares and Top Ten Employees with Restricted Shares up to the Publication Date of this Annual Report
9. Shares Issuance for Mergers and Acquisitions
10. Funding Use Plan and Execution

Capital Review

1. Capital and Shares

1.1 Source of Capital

As of February 28, 2021

Month/ Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount(NT$)	Shares	Amount(NT$)	Sources of Capital	Capital Paid-in by Assets Other than Cash	Other
Jul 1996	34	9,647,724,900	96,477,249,000	9,647,724,900	96,477,249,000	assumed capital from Ministry of Transportation, Directorate General of Telecommunications	-	-
May 2006	10	9,647,724,902	96,477,249,020	9,647,724,902	96,477,249,020	capital increase of 2 special shares purchased by MOTC	-	-
Aug 2006	10	9,647,724,902	96,477,249,020	9,455,724,902	94,557,249,020	treasury shares cancellation	-	-
Oct 2006	10	12,000,000,002	120,000,000,020	9,667,845,095	96,678,450,950	earnings to capital increase	-	FSC Document No. 0950126724 June 27, 2006
Aug 2007	10	12,000,000,002	120,000,000,020	10,634,629,604	106,346,296,040	capital surplus to capital increase	-	SEF Authorization No. 09601199260 August 22, 2007
Nov 2007	10	12,000,000,002	120,000,000,020	9,667,845,095	96,678,450,950	capital reduction by cash	-	SEF Authorization No. 09601280910 November 15, 2007
Mar 2008	10	12,000,000,002	120,000,000,020	9,557,776,914	95,577,769,140	treasury shares cancellation	-	SEF Authorization No. 09701049860 February 29, 2008
Nov 2008	10	12,000,000,002	120,000,000,020	11,608,363,565	116,083,635,650	earnings and capital surplus to capital increase	-	SEF Authorization No. 09701293050 November 19, 2008
Jan 2009	10	12,000,000,002	120,000,000,020	9,696,808,183	96,968,081,830	capital reduction by cash	-	SEF Authorization No. 09801006090 January 14, 2009
Apr 2009	10	12,000,000,002	120,000,000,020	9,696,808,181	96,968,081,810	special shares cancellation	-	SEF Authorization No. 09801077020 April 23, 2009
Sep 2009	10	12,000,000,000	120,000,000,000	10,666,488,999	106,664,889,990	capital surplus to capital increase	-	SEF Authorization No. 09801205990 September 7, 2009
Nov 2009	10	12,000,000,000	120,000,000,000	9,696,808,181	96,968,081,810	capital reduction by cash	-	SEF Authorization No. 09801261140 November 11, 2009
Nov 2010	10	12,000,000,000	120,000,000,000	7,757,446,545	77,574,465,450	capital reduction by cash	-	SEF Authorization No. 09901266330 November 29, 2010

Share / Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common	7,757,446,545	4,242,553,455	12,000,000,000	Listed

1.2 Shareholder Structure

As of July 4, 2020 (Note)

Shareholder Structure / Amount	Government Agencies	Financial Institutions	Other Institutions	Individuals	Foreign Institutions & Individuals	Total
Number of Shareholders	9	46	906	273,357	1,249	275,567
Shareholding (shares)	3,121,324,965	1,406,450,397	635,016,344	1,336,547,803	1,258,107,036	7,757,446,545
Shareholding %	40.24%	18.13%	8.19%	17.23%	16.22%	100%

Note: Based on the most recent book closure date for shareholder to register

1.3 Shareholding Distribution

As of July 4, 2020 (Note)

Shareholding Range (Unit: Share)	Number of Shareholders	Shareholding (shares)	Shareholding (%)
1-999	70,502	22,770,414	0.29%
1,000-5,000	153,412	313,666,858	4.04%
5,001-10,000	22,899	176,355,866	2.27%
10,001-15,000	8,281	104,040,874	1.34%
15,001-20,000	5,199	93,431,754	1.20%
20,001-30,000	5,898	147,160,359	1.90%
30,001-40,000	3,273	114,109,145	1.47%
40,001-50,000	1,954	88,382,183	1.14%
50,001-100,000	2,655	179,816,461	2.32%
100,001-200,000	752	103,258,685	1.33%
200,001-400,000	272	76,378,041	0.98%
400,001-600,000	114	55,449,557	0.71%
600,001-800,000	68	48,065,841	0.62%
800,001-1,000,000	35	31,921,646	0.41%
1,000,001-999,999,999	252	3,464,919,885	44.67%
>1,000,000,000	1	2,737,718,976	35.29%
Total	**275,567**	**7,757,446,545**	**100.00%**

Note: Based on the most recent book closure date for shareholder to register

1.4 Major Shareholders

As of July 4, 2020 (Note)

Major Shareholder \ Shareholding	Shares	%
MOTC	2,737,718,976	35.29%
Shin Kong Life Insurance Co., Ltd.	632,961,184	8.16%
CTBC Bank Trust Account - CHT Employee Stock Ownership Trust Plan	332,672,956	4.29%
JP Morgan Chase Bank, N.A., acting as depositary and representative of CHT ADRS	235,946,960	3.04%
Cathay Life Insurance Co., Ltd.	222,217,000	2.86%
Chunghwa Post Co., Ltd.	144,024,719	1.86%
Labor Pension Fund of the New Pension System, R.O.C.	129,639,500	1.67%
Labor Insurance Fund, R.O.C.	117,949,644	1.52%
Taiwan Life Insurance Co., Ltd.	85,719,000	1.10%
Fubon Life Insurance Co., Ltd.	67,867,855	0.87%

Note: Based on the most recent book closure date for shareholder to register.

1.5 Share Price, Net Value, Earnings, Dividends and Related Information in recent 2 years

Items			2019	2020	2021 (As of Feb. 28)
Market Price per Share	Highest (Note 1)		114.00	117.00	112.50
	Lowest (Note 1)		106.00	103.00	108.00
	Average (Note 1)		110.35	109.25	109.45
Net Worth per Share	Before Distribution		48.48	48.72	-
	After Distribution		44.26	-	-
Earnings per Share	Weighted Average Shares		7,757,446,545	7,757,446,545	7,757,446,545
	Earnings Per Share		4.23	4.31	-
Dividends per Share	Cash Dividends		4.226	4.306(Note 2)	-
	Stock Dividends	From Retained Earnings	0	0(Note 2)	-
		From Additional Paid-in Capital	0	0(Note 2)	-
	Accumulated Undistributed Dividends		0	0	-
Return on Investment (Note 3)	Price / Earnings Ratio		26.09	25.35(Note 2)	-
	Price / Dividend Ratio		26.11	25.37(Note 2)	-
	Cash Dividend Yield Rate%		3.83	3.94(Note 2)	-

Notes:
1. Data sourced from Taiwan Stock Exchange, or TWSE.
2. 2020 dividends distribution to be approved by shareholders at Annual General Meeting, or AGM, in 2021.
3. Price / Earnings Ratio = Average Market Price / Earnings per Share
   Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
   Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price (2019=NT$110.35, 2020=NT$109.25)

1.6 Dividend Policy and Discussion

(1) Dividend Policy

In accordance with the Chunghwa's Articles of Incorporation, Chunghwa must pay all outstanding taxes, offset deficits in prior years and set aside a legal reserve equal to 10% of its net income before distributing a dividend or making any other distribution to stockholders, except when the accumulated amount of such legal reserve equals to Chunghwa's total issued capital, and depending on its business needs or requirements, may also set aside or reverse special reserves. No less than 50% of the remaining earnings comprising remaining balance of net income, if any, plus cumulative undistributed earnings shall be distributed as stockholders' dividends, of which cash dividends to be distributed shall not be less than 50% of the total amount of dividends to be distributed. If cash dividend to be distributed is less than $0.10 per share, such cash dividend shall be distributed in the form of common stocks.

Dividend distribution is dependent on the actual profitability, capital expenditure plan, cash status and other conditions for the relevant year, as well as a resolution adopted at the shareholders' meeting.

The Company is not permitted to distribute dividends or make other distributions to stockholders in any year in which the Company does not have any net income or unappropriated earnings (excluding reserves).

If the Company does not incur a loss, the Company is permitted to make distributions on a pro rata basis to its stockholders of additional common shares or cash by the legal reserve, the premium derived from the issuance of new shares and the income from endowments received by the Company.

(2) Dividend Distribution

Below is the dividend distribution from years 2018 to 2020; the appropriation amount for 2020 has yet to be approved at the 2021 AGM.

Unit: NT$/share

Year	Cash Dividend		Stock Dividend
	From Retained Earnings	From Additional Paid-in Capital	
2018	4.479	0	0
2019	4.226	0	0
2020	4.306	0	0

(3) Expected Material Changes in Dividend Policy

None.

1.7 Impact of Stock Dividend Distribution in 2021 Shareholders' Meetings on Business Performance and EPS

None.

1.8 Compensation of Employees and Directors

(1) Employees' and Directors' compensation according to the Articles of Incorporation.

If the Company incurs positive earnings for the relevant year, then the employees are entitled to 1.7% to 4.3% of the distributable earnings as employee compensation; the directors are entitled to no more than 0.17% of the distributable earnings as director compensation. If the Company has cumulative deficits, then the Company must first retain the necessary earnings to offset the deficits. The aforementioned compensation may, subject to a resolution which is adopted by a majority vote at a meeting of the board of directors attended by two-third of total number of directors, be distributed to employees in way of cash or shares. In addition, a report of such distribution shall be submitted to the shareholders' meeting.

(2) The Compensation Basis for Employees and Directors; Accounting Treatment for the Differences between Estimated and Actual amount of Compensation

A. The Company accrues all employees and directors' compensation in accordance to the Articles of Incorporation and "Employee Compensation Distribution Guidelines of Chunghwa Telecom Co., Ltd.", as well as historical experience and future estimates.

B. After the year end, if there is a materially change in the accrual amounts before the annual financial statements are authorized for issue, the differences are recorded in current year. If there is a change in the accrual amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in accounting estimate in the following year.

(3) 2020 Compensation Approved in the Board of Directors Meeting

A. Employees and directors' compensation in the form of cash or stock. The Board of Directors have approved employee cash compensation of 1,202,447,602, and directors cash compensation of 35,803,428.

B. The amount of any employee compensation distributed in stocks; and the size of this amount as a percentage of the net income stated in the parent only financial reports

or individual financial reports for the current period; and the size of this amount as a percentage of the total employee compensation.

No employee compensation in the form of stock is distributed for the year of 2020.

(4) 2019 Actual Distribution of Employees' and Directors' Compensation (including number of shares, monetary amount, and stock price)

Items	Actual Distribution (NT$)	2020 Approved Distribution by BoD (NT$)	Differences (NT$)
Employees' cash compensation	1,126,194,190	1,126,194,190	-
Employees' stock compensation	0	0	-
Directors' compensation	35,210,397	35,210,397	-

Notes:
1. In accordance to 2020 directors and employees cash compensation, approved by Board of Directors in 2019.
2. In 2020, the Company's Board of Directors consists of 6 independent directors (of whom, one succeeded in June 2019, and one was dismissed in June 2019), and 15 directors (of whom, one succeeded in February 2019, one succeeded in April 2019, three succeeded in June 2019, one succeeded in September 2019, one was dismissed in January 2019, one was dismissed in April 2019, four were dismissed in June 2019, and one was dismissed in September 2019).
3. The independent directors are not entitled to any cash compensation; the compensation is calculated on pro-rata basis in terms of days of service for newly elected directors within the year; the annual cash compensation for each director is NT$ 4,380,866.
4. The 15 directors are representatives from MOTC, so their cash compensation are distributed to MOTC.

1.9 Share Repurchase by the Company

None.

2. Corporate Bonds

2.1 Corporate bond

Issue	Domestic Unsecured Bond, 2020
Issuing Date	07/30/2020
Denomination	NT$10,000,000
Offering Price	Par
Total Amount	NT$20,000,000,000
Coupon	Tranche A: 0.50% p.a. Tranche B: 0.54% p.a. Tranche C: 0.59% p.a.
Tenor and Maturity Date	Tranche A: 5 years Maturity: 07/30/2025 Tranche B: 7 years Maturity: 07/30/2027 Tranche C: 10 years Maturity: 07/30/2030
Guarantor	None
Trustee	Bank of Taiwan
Underwriter	Yuanta Securities

Legal Counsel		True honesty international Law Offices
Auditor		Deloitte & Touche
Repayment		Bullet
Outstanding		NT$20,000,000,000
Redemption or Early Repayment Clause		None
Covenants		None
Credit Rating		twAAA (Taiwan Ratings Corporation, 12/06/2019)
Other Rights of Bondholders	Conversion Right	None
	Amount of Converted or Exchanged Common Shares, ADRs or Other Securities	Not Applicable
Dilution Effect and Other Adverse Effects on Existing Shareholders		None
Custodian		None

2.2 Convertible Bond:

None.

2.3 Exchangeable Bond:

None.

2.4 Shelf Registration:

None.

2.5 Bond with Warrants:

None.

3. Preferred Shares

None.

4. Overseas Depository Receipts

Item / Issuing date	Issuance and Trade Market	Issuance Amount (US$ billion)	Issuance Price per Unit (US$)	Number of Issuance Units	DR-Represented Securities	Number of DR-Represented Securities (shares)
Initial Public Offering 07/17/2003	NYSE	1.58	14.24	110,975,000	common shares	1,109,750,000
Additional Issuance 08/09/2005	NYSE	2.56	18.98	135,068,200	common shares	1,350,682,000
Additional Issuance 09/28/2006	NYSE	0.96	16.99	56,434,790	common shares	564,347,900
Additional Issuance 10/31/2006	NYSE	-		4,920,862	common shares	49,208,623
Additional Issuance 09/07/2007	NYSE	-	-	30,409,227	common shares	304,092,271
Capital Reduction by Cash 01/09/2008	NYSE	-	-	-30,709,825	common shares	-307,098,254
Additional Issuance 12/03/2008	NYSE	-	-	33,131,017	common shares	331,310,172
Capital Reduction by Cash 03/20/2009	NYSE	-	-	-56,025,734	common shares	-560,257,344
Additional Issuance 09/18/2009	NYSE	-	-	11,258,465	common shares	112,584,650
Capital Reduction by Cash 02/08/2010	NYSE	-	-	-26,860,182	common shares	-268,601,820
Capital Reduction by Cash 01/25/2011	NYSE	-	-	-53,720,364	common shares	-537,203,639
Rights & Liabilities of DR Holders	Same with common shareholders					
Trustee	NA					
Depositary	JPMorgan Chase Bank, N.A.					
Custodian	JPMorgan Chase Bank, N.A., Taipei Branch					

Outstanding Units		22,037,838(As of 02/28/2021)	
Related Fee for Issuance and Maintenance		The MOTC paid for the issuance in July 2003, August 2005 and September 2006.The shareholders paid for the issuance by stock dividend in October 2006, September 2007, December 2008 and September 2009.The shareholders also paid for the capital reduction with cash in January 2008, March 2009, February 2010 and January 2011.The Company paid for registration and related maintenance fees.	
Key Terms of the Deposit Agreement and the Custodian Agreement		As Per the Deposit Agreement and the Custodian Agreement	
Market price (Note)	2020	Highest	US$39.37
		Lowest	US$34.81
		Average	US$37.0041
	01/01/2021 ~02/28/2021	Highest	US$40.12
		Lowest	US$38.67
		Average	US$39.2324

Note: Data sourced from Bloomberg, based on closing market prices.

5. Employee Stock Options

None.

6. List of Executives Receiving Employee Stock Options and Top Ten Employees with Stock Options up to the Publication Date of this Annual Report

None.

7. Employee Restricted Stock Shares

None.

8. List of Executives Receiving Restricted Shares and Top Ten Employees with Restricted Shares up to the Publication Date of this Annual Report

None.

9. Shares Issuance for Mergers and Acquisitions

None.

10. Funding Use Plan and Execution

None, as the Company has not incurred any fund raising activity.

5 Operational Highlights

1. Business Overview
2. Markets & Sales Overview
3. Human Resources
4. Environmental Protection Expenditure
5. Employee Relations
6. Major Contracts

Operational Highlights

1. Business Overview

1.1 Business Scope

We are the largest telecommunications service provider in Taiwan, with leading offerings in domestic and international fixed communication, mobile communication and internet services.

(1) Revenue Breakdown

As of December 31, 2020, domestic fixed communications revenues accounted for 33.4% of total revenues, mobile communications revenues accounted for 43.5%, internet business revenues accounted for 15.5%, international fixed communications revenues accounted for 4.2%, and other revenues accounted for 3.4%.

Among these, even though domestic fixed communication revenue has continued to decline, and broadband internet has declined slightly due to the impacts of price reductions and competition, the enterprise ICT business grew due to smart building and smart energy services, resulting in an increased contribution to revenues than in the prior year. The share of mobile communication revenue continued to be impacted by market competition and VoIP substitution, and was lower than in the previous year. The share of internet revenue, due to growth in the value-added services, increased compared to the same period of last year. Fixed communication revenue declined primarily due to customers migrating to free communication software, the reduction of low-margin voice wholesales, and the rapid reduction of mobile roaming traffic because of the impact from the COVID-19 pandemic. The share of international fixed communication revenue declined, compared to the same period of last year.

(2) Current Products/Services

A. Household Market

- Domestic Fixed Communications Services
  - Local Telephone: voice call, call waiting, call transfer, three-way calling, speed dial, wake-up call, do-not-interrupt, ringback tone, call screening, direct call, 1288 information inquiry, shorthand coding application, and other value-added services.
  - Domestic Long Distance Telephone: operator-assisted long distance call, subscriber toll dialing (STD).
  - Intelligent Network (IN): 0800 Advanced Free Phone (AFP), 0203 Mass Announcement (MA), 099 Personal Number, 0204 Premium Rate Service (PRS), etc.
- Domestic Leased Circuits
  - Asymmetric Digital Subscriber Line (ADSL): install additional equipment at user telephone terminal using ADSL technology in order to provide internet connection and MOD/OTT multimedia services.
  - FTTx Fiber Access: utilize various optical network equipment, with Ethernet or Very-high-bit-rate Digital Subscriber Line (VDSL) technology, to provide high speed internet access, MOD/OTT multimedia, and other data communication services.
- Internet and Other VAS Services
  - Internet Service Provider (ISP): HiNet is the Company's ISP brand, primarily offering broadband access (ADSL and FTTx), fixed line, and dial-up services.
  - VAS: Chunghwa Telecom Personal Health Record, ibobby, anti-hacking services, anti-porn services, online time management, mobile internet gatekeeping, game accelerator, etc.
- MOD/Internet Protocol Television (IPTV) Services
  - MOD is a multimedia on demand platform that provides the Company's customers and other telecommunication service providers with channel programs, on-demand programs, and other content from third-party operators, such as TV channels, Video on Demand (VOD), HD/4K super high definition content, and others.
  - Hami Video and IPTV are cross-network multi-screen products leveraging video services from fixed networks and data and mobile networks.
- International Fixed Communications Services
  International voice call, including international direct call with 009 and super value-saving international call with 019.

B. Consumer Market

- Mobile Communications Services
  - Mobile broadband service: With the evolution of fourth-generation (4G) and fifth-generation (5G) mobile communication technologies, we continue to move towards a new era of higher speeds and the pervasive connection of all things with the internet. Through 5G's three characteristics of high speed, low latency, and massive connectivity, customers are able to access VR/AR, 4K/8K Video and various innovative 5G application services, bringing new, unprecedented network experiences to all customers.
  - Mobile VAS: including integrated services of text/

multimedia message, ringback tone, video streaming, video call, GPS, and digital content from mobile broadband internet, such as Hami Pass, Hami Video, KKBOX music, e-Book, Hami Cloud Gaming, Hami VR, mobile payment, etc.

- OTT Convergence: integrates data and mobile multi-screen video content, such as Hami Video, in order to fulfill diverse customer demand by providing live and on-demand content, including movies, dramas, animated shows, kids programs, etc.

- Wi-Fi: Wi-Fi internet access widely available by leveraging all publicly installed wireless Access Point (AP) software, hardware, and using HiNet, emome, and Chunghwa Telecom membership for account validation.
- International Fixed Communications Services: international voice call, including international direct call with 009, super value-saving international call with 019, international prepaid calling card, E-Call card, etc.

C. Enterprise Market

The Company provides enterprise clients with ICT services in order to fulfill customer demand and to enable them to achieve their respective strategic and operational targets.

- Enterprise Integrated Services: enterprise voice and data integrated services, enterprise digitization, cloud SaaS services (CRM, ERP, POS, etc.)
- Enterprise Mobile Services: mobile virtual private network (MVPN), enterprise text message, mobile data virtual private network (MDVPN), mobile DM, disaster emergency response message, mobile instant message (Qmi), mobile device maintenance and management (MDMM), mobile video conference, IoT, sponsored data, esafe, etc.
- Enterprise Data Services: data circuits, domestic data exchange (data exchange and VAS), HiNet Enterprise internet access, messaging (text, email, fax), enterprise information security, enterprise VPN and VAS, IDC and cloud services (Colocation and internet services, Data Center Solution, hicloud CaaS-based VPC, hicloud Boxe data file, hicloud S3 cloud storage, hiHosting, International Public Cloud (AWS, Azure, GCP etc.), digital content (domain name registration and FunPlay), Enterprise video platform, IoT (iEN, IVS, ITS, Intelligent Green Building, etc.), government services (e-Procurement, real estate property, road supervision, railway tickets booking, etc.), big data analysis, etc.
- International Enterprise Services: international voice services (international enterprise hotline 009, international voice resale, receiver paid phone, international conference call, international interactive voice response, or IVR, international enterprise calling card, etc.), international data services (international private leased circuit, or IPLC, internet - protocol virtual private network, or IPVPN, TWGate, IDC, MPLS VPN, EZ VPN, SSL VPN, internet IP, etc.), international VAS (international remote backup system, international video conferencing, ICT construction and maintenance, EZ Conference HD, etc.), and international satellite services (satellite frequency converter leasing, satellite VAS, satellite mobile communication, enterprise ICT, etc.).

(3) Planned New Products/Services

A. Household Market

- Introduce higher-speed broadband access and VAS to meet customer demand generated by the continued IP network and digital convergence trends.
- Expand and integrate HiNet VAS (Chunghwa Telecom Personal Health Record, ibobby, video, HiCare services, anti-hacking services, game accelerator, etc.) in order to increase the competitiveness of the Company's product offering and to enhance user loyalty.
- Introduce leading domestic and international video content such as Netflix, and enhance 4K/8K video/audio content and quality in order to ensure unique competitive advantages compared to CATV.
- Leverage innovative user experiences to increase differentiated services with diversified OTT services and MOD set-top boxes, as well as smart home infrastructure for digital convergence services, in order to develop IoT, home care, entertainment with MOD enhancement, and to maintain the Company's leadership position with a more flexible revenue model and sales channel.

B. Consumer Market

- Enhance Hami Video service offering by increasing content attractiveness and user experience, further curating popular content, and improving customization and social network sharing in order to provide users with on-demand multi-screen OTT services under a unified pricing system.
- Promote Hami VAS, such as music, Hami Pass, Hami Books, Hami Video, Hami Cloud Gaming, Hami VR, mobile payment, etc., in order to expand user traffic with more mobile applications.
- Promote Near-Field Communication (NFC) applications by integrating ICT platforms and online-to-offline (O2O) services in order to improve merchant

operational efficiency and consumer mobile lifestyles.

- Develop mobile access and Wi-Fi dual network integration with Hami VAS in order to maintain the Company's leading position in internet services.

C. Enterprise Market

- Develop esafe service in order to increase effective communication for better collaboration, enterprise operational efficiency, and internal management controls.
- Develop enterprise anti-hacking and Cybersecurity Gateway solutions for better cyber-security measures, integrate management and control, and reduce management cost.
- Continue integrating network and cloud in order to provide network security, system platform security and detection, terminal security, data protection, advanced persistent threat (APT) solutions, identity validation, access control and management, security operation center (SOC) outsourcing, security consulting, etc.
- Develop IDC integration by leveraging network resources and integrating transmission, submarine cable, internet, VPN, international broadband, and undersea cable, to establish high-standard regional infrastructure such as Banqiao IDC center, in order to provide enterprises with high-speed and high-quality networks, cloud, and VAS applications matching international standards.
- Develop enterprise private cloud solution with more flexibility and greater reliability by accelerating private cloud construction with application and operating environments, and by integrating SDN and Network Function Virtualization (NFV) technology, flexible management, and dynamic software configured network.
- Develop integrated surveillance solution by providing single access for overall surveillance of IDC, all software/hardware/virtual resource status, and all other necessary IT operating performance metrics.
- Expand IoT applications and IoT intelligent network platform for cross-functional collaboration and applications by providing clients with an accelerated and convenient development model in order to enable clients to realize diverse creative applications over the open IoT platform infrastructure, including smart agriculture, smart manufacturing, smart transportation, smart city, and other digital innovations.
- Enhance advanced AI research and development with in-depth local demand application services by providing smart security solutions such as vehicle recognition, facial recognition, and traffic prediction, as well as by developing AI semantic cloud and smart voice control services, with collaboration from domestic terminal and content providers.
- Expand big data and internet advertising solutions; continue to develop traffic flow, public sentiment, internet advertising, big data analysis, and cross-functional applications.
- Launch Smart Healthcare services, provide a variety of physiological measurement equipment, and gradually provide the four major EHS risk solutions to assist SMEs with occupational safety compliance and enter the enterprise health management market.
- Provide audio/video service platform including channel, VOD, smart video dashboard, etc., in order to enable consumers to access live events and for enterprises to access internal training or establish audio/video brands.

1.2 Industry Overview

(1) Industry Status and Development

The global penetration of mobile devices such as smartphones and tablets are becoming more popular and mature, and social networks are also becoming more prevalent. All of these trends, along with cloud computing, Mobile Broadband, digital TV, e-Commerce, interactive sensors, wearables, etc., will be driving growth for the technology and telecommunications industries. Broadband network access, mobile communication, and IPTV are key performance indicators of the telecommunications industry:

A. For the broadband market, according to statistics from Department of Household Registration and National Communications Commission, as of December 31, 2020, the total number of households in Taiwan is approximately 8.93 million, while the total broadband subscribers in Taiwan is approximately 6.03 million, (including Public Wireless Local Area Network, or PWLAN). For household users, according to the Taiwan Network Information Center report "Taiwan Internet Report 2020," the total number of households with internet access in Taiwan represents a penetration rate of 82.8%.

B. According to NCC statistics, as of December 31, 2020, the total number of mobile subscribers in Taiwan reached approximately 29.28 million, representing a penetration rate of 124.3%.

(2) Industry Value Chain

A. Technology development has made the lines of many formerly specialized industries gradually blurred, and

the telecommunications industry is becoming more integrated to develop more diversified applications. Under the trend of digital convergence, the value chain of the telecommunications industry has further expanded and industry players must provide innovative and diversified services to more closely meet user demand and enlarge market share. At the same time, content providers/integrators, application service providers, platform service providers, network equipment vendors, and terminal equipment vendors are important value partners for industry players in promoting digital convergence services.

B. The Company is actively developing emerging businesses in 5G, web-only banking, IoT, big data, AI, and smart homes, locking in business opportunities in digital convergence and the digital economy, as well as offering digital convergence services to the three core markets of consumers, households, and enterprises. The Company continues to strengthen its core business and promote the ICT and overseas business to maximize enterprise value by expanding enterprise partnerships in related industries through alliances, cooperation, and investment. In the future, the Company will continue to invest in core and emerging business. By integrating its own R&D capabilities and working more closely with its customers and ecosystem partners, the Company will provide more quality, innovative, and superior user experiences.

(3) Product Development Trends and Competitive Landscape

A. Domestic Fixed Communications Services

- Local and Domestic Long Distance Telephone: as of December 31, 2020, Taiwan local telephone penetration has reached 120.3%. However, the number of local telephone subscribers has been declining slightly due to traffic migration to mobile communication, free communication software, and VoIP, although the Company continues to maintain a leading subscriber market share at 92.1%. The average market share by minutes in the local and domestic long distance telephone market were approximately 82.7% and 81.6%, respectively, while the market share by revenue in the local and domestic long distance telephone market were 96.3% and 48% respectively.
- Broadband Internet Access:
  - The government has promoted the availability of universal telecommunication services in remote areas, including digital infrastructure and broadband access, to achieve greater than 90% nationwide coverage with Mega-level (Gbps) bandwidth access. As of December 31, 2020, the Company's nationwide fixed network broadband coverage has reached 97.77% for 35Mbps, 96.67% for 60Mbps, 94.37% for 100Mbps, and 83.09% for 1Gbps. The 1Gbps immediate installation rate can reach 66.03% within a week. The Company will continue to build out its fiber-optic network to meet customers' demands for high-speed broadband and expand domestic broadband internet access for the country's citizens.
  - As of December 31, 2020, the Company's broadband access subscribers have reached approximately 4.35 million, representing a market share of 65.6%. Of these subscribers, higher speed subscribers have increased significantly, with FTTx as the primary chosen product for approximately 3.62 million subscribers, of which 1.76 million subscribers use speeds of 100Mbps and above.
  - Data Circuits Business: the Company's data circuits business has been impacted by broadband internet access and competition. As of December 31, 2020, the Company's data circuits market share was approximately 52.6%.
- MOD/IPTV Services
  - As of December 31, 2020, Taiwan market has a total of 4.87 million household subscribers of cable television, of which 76.6% uses one of the five multiple-system operators (China Network Systems Co., Ltd., Kbro Co., Ltd., TWM Broadband, Taiwan Fixed Network Co., Ltd., and Taiwan Optical Platform Co., Ltd.). In addition, channel providers have been broadcasting HD audio/video content and interactive and customized television programs and applications, resulting in more intense competition for the Company's MOD services.
  - MOD provides over 204 channels, including 197 high definition (HD) channels and over 25,000 hours of on-demand programs. In addition, the Company continues to optimize its user interface (UI), design quality content and package offerings that cater to customer needs, and leverage OTT technology to develop new services such as interactive gaming, advertising, and 4K viewing, in order to better fulfill market demand. As of December 31, 2020, the Company had approximately 2.069 million MOD subscribers.

B. Mobile Communications Services

- Although the overall mobile market continues to be very competitive, the domestic mobile operators' subscriber market shares are relatively stable, of which the Company is the largest provider in terms of both

subscribers and revenue. As of December 31, 2020, the Company has total mobile subscribers of 11.298 million (including pre-paid subscribers), representing a market share of 36%. Mobile revenue market share was 38.4%.

- Mobile communication broadband services are in greater demand, primarily due to the evolution of mobile technology and deeper penetration of tablets and smart phones such as iPhone / Android. Many service providers have launched mobile broadband services in order to fulfill customer demand for higher speed internet access.
- The Company plans to continue constructing its mobile broadband network, optimizing service coverage, and constructing more Wi-Fi hotspots in order to offer integrated wireless broadband internet access and more diversified services such as KKBOX, Hami Pass, Hami Video, Hami Books, etc., and consequently to increase customer revenues and revenue streams.
- International telecommunications service providers and some domestic radio and television content providers have been actively developing OTT convergence services, including Google, Apple, Amazon, etc., especially for services such as communication, music, games, video, and other digital convergence services for domestic and international markets.

C. Internet and Other VAS Services

- Taiwan's broadband access penetration rate is relatively high with intense competition, primarily because both telecommunications service providers and cable broadband operators offer broadband access with high speeds and high quality services. As of December 31, 2020, the Company's HiNet broadband ISP subscribers totaled approximately 3.58 million, representing a market share of 60.2%. Internet revenue market share was 41.9%.
- As the value of the gaming market continues to increase, the Company has introduced gaming accelerators for professional players to gain key timing advantages in winning games.

D. International Fixed Communications Services

- The Company is the leading provider of international fixed communication services. As of December 31, 2020, the Company has a market share of 50.9% by minutes while market share of ILD telephone revenue was 49.6%.
- The Company's prepaid cards business targets the large foreign labor market, which accounts for the largest portion of revenues. To retain existing customers and to acquire new customers, the Company continues to introduce various long- and short-term 4G and voice combination discounts and collaborates with local public and private entities to hold various holiday promotions, strengthen customer service, and promote the Chunghwa prepaid card businesses.

1.3 Research and Development

(1) Major R&D Expenditures for the Most Recent Year and up to the Publication Date of this Annual Report:

Unit: NT$'000

Item/Fiscal Year	2020	2021 (as of Feb. 28, 2021) (Note)
R&D expenses	3,849,999	564,943
Consolidated revenues	207,608,998	33,876,583
R&D expenses as a % of consolidated revenues	1.85%	1.67%

Note: 2021 figures are unaudited.

(2) Major R&D Achievements for the Most Recent Year and Up To the Publication Date of This Annual Report

The Company's research and development are mainly for supporting current business as well as for fueling future growth momentum. Key R&D items in 2020 cover technologies and corresponding new services or applications in different areas including network, cloud computing, media service, payment, IoT, AI, big data and cyber security.

In the network part, research and verification of key 5G technologies are conducted, and Multi-access Edge Computing (MEC) as well as intelligent operation and management technologies are developed for 5G commercial launch so as to ensure 5G service quality and maintain market leadership. In addition, in order to expand the domestic Fiber-To-The-Home (FTTH) coverage and keep increasing the service speed, the Company continues interoperability trials of open FTTH equipment and introduces 10-Gigabit-capable Passive Optical Network

(XG-PON) ultra-high-speed technology. In response to the trend of software-defined networking, several new software-defined services like HiLink Cloud Virtual Private Network (Cloud VPN), HiNet broadband divider, and Software Defined Wide Area Network (SD-WAN) are developed. As to cloud computing, multi-cloud management and container management technologies are developed to support the Company as a managed service provider (MSP) for AWS, Azure and GCP, also to support the Company hicloud new services.

In the media part, the OTT platform is strengthened to support MOD and Hami Video's versatile services, while edge computing technology is applied to launch low-latency, high-quality multi-angle live broadcast of HD video program, immersive video shows through 5G network and other services, so that the public can enjoy whole-new experience in the 5G era. Furthermore, an AR platform is developed to assist enterprises in establishing various AR applications. Terminals such as mobile phones and AR glasses combined with 5G's low-latency and high-rate features can be applied in multiple scenarios such as industrial augmented reality, remote collaboration, tourism, exhibition and marketing. In the digital finance part, a diversified payment terminal and payment platform technologies are developed, and through cooperation with domestic banks, safe and convenient cashless transaction services are provided.

Ushering in the new era of 5G, the Company's research and development strengthens the integration and intelligence of the core technologies of Internet of Things, AI and big data, and cyber security, including IoT platforms, machine learning, image recognition, speech recognition and synthesis, natural language understanding, big data analysis and prediction, cyber security threat detection, cyber security intelligence defense, information security diagnostic and 5G security, etc. By leveraging 5G's characteristics, potential innovative applications, including smart solar power management, smart metering, smart transportation, smart healthcare, smart logistics, smart vehicles, smart cities, smart networking, smart customer service, etc., are developed, so as to support the Company's emerging businesses and create new opportunities for future growth.

1.4 Corporate Development Plan

(1) Long-term Corporate Development Plan

A. Focus on the core business; develop a new generation of networks; provide voice, data, and video communications services; fulfill the telecommunications needs of consumers, households and enterprises; and build the best customer experience.

B. Actively develop emerging businesses; leverage Chunghwa Telecom Laboratories' research and development resources and the capabilities of strategic partners; build an industry ecosystem; promote smart services and solutions for enterprises and consumers; increase enterprise customer operating efficiency; enhance consumer customer lifestyles and well-being; expand domestic and international markets; become a pioneer of smart living and enabler of the digital economy.

C. Through intelligent technology, digitalization, network virtualization, SDN, and related technologies, strengthen the Company's operating cost and procurement efficiency, increase its resource productivity ratio, and effectively optimize its Capex investments.

(2) Short-term Corporate Development Plan

A. Expand FTTx broadband business and encourage customers to increase access speed while maintaining high quality network services with integrated offerings.

B. Continue to develop and expand integrated services of fixed communication, mobile, data, and value-added services.

C. Advance the integrated network of fixed and mobile communication by optimizing network resources and enhancing network quality.

D. Expand MOD and Hami Video services by introducing preferred content and channels for seamless audio/video experiences anytime, anywhere.

E. Provide accelerated and convenient mobile data transmission services for enterprise clients, and collaborate with information content providers to develop mobile ICT VAS.

F. Enhance precision marketing and effectively manage online social media by leveraging big data analysis and CRM platforms in order to improve brand image, strengthen customer relations, and deliver on product sales targets.

G. Enhance marketing of integrated services and ICT services for enterprise clients.

H. Develop IoT platform with diverse and innovative applications suitable for fulfilling various demands from multiple industries.

I. Expand various cyber security solutions, targeting households, enterprises, and government entities.

J. Actively compete for project bidding opportunities by designing advanced IDC/cloud hardware/software total solutions in accordance with client requirements.

K. Develop internally, or cooperate with third-party partners, to develop total solutions for enterprise clients in the areas of AR/Virtual Reality (VR), AI, big data, Fintech, health care, gas intelligence, and other innovative applications.

L. Expand overseas market in conjunction with the Company's affiliates and strategic partners.

2. Markets & Sales Overview

2.1 Market Analysis

The Taiwan telecommunication market is relatively competitive, and customers have high expectations of telecommunications service quality and pricing. The Company follows closely market dynamics and consumption trends in order to develop more appealing and innovative products with appropriate pricing plans.

(1) Household Market

A. Domestic Fixed Communications Services

- Key Offerings and Regions: local telephone, domestic long distance, broadband access; nationwide throughout Taiwan.
- Market share including enterprise market: as of December 31, 2020, market share by local telephone subscribers was 92.1%, market share by domestic long distance call minutes was 81.6%, and market share by broadband access subscribers 65.6%.
- Future market demand and supply, market growth trends, competitive advantages and disadvantages:
  - The Company offers diverse broadband internet access services. As of December 31, 2020, the total number of broadband subscribers are approximately 4.35 million. The Company plans to continue offering higher speed and better quality FTTB and FTTH optical network access in order to fulfill customers' increasing demand for bandwidth.
  - Domestic fixed communication revenue increased 5.9% year over year, which was primarily due to the growth of ICT revenue generated from enterprise customers, offsetting the decline of local, long distance telephone and broadband revenue.
- Countermeasures:
  - Construct FTTx next generation network (NGN), gradually migrate to VoIP, and provide value-added and integrated services.
  - Enhance CRM, formulate precise customer segmentation with integrated marketing plan and improved customer value.
  - Develop and promote fixed communication VAS, such as 1288 information inquiry, ringback tone, incoming call filter, etc., in order to increase revenue generation.
  - Promote family-centric convergent services, such as broadband + MOD /OTT + smart home AI semantic cloud, health cloud, etc., to meet home intelligence, audio and video entertainment, and security needs.
  - Launch higher speed FTTx services in order to fulfill customer demand and develop new applications for IoT.
  - Expand MOD services and integrated marketing for broadband internet access.

B. Internet and Other VAS Services

- Key Offerings and Regions: nationwide throughout Taiwan.
- Market share including enterprise market: as of December 31, 2020, market share by HiNet broadband ISP subscribers was 60.2%.
- Future market demand and supply, market growth trends, competitive advantages and disadvantages: The broadband access penetration rate is relatively high. Combined with the consolidation of telecommunications providers and cable operators, which will likely increase broadband market competition, the Company plans to develop multimedia and high definition audio/video content such as MOD HD, and OTT, in order to increase revenue generation.
- Countermeasures:
  - Expand digital convergence services, provide differentiated products, and increase customer value.
  - Expand MOD and HiNet VAS such as video, gaming, cyber security, etc., in order to increase revenue streams.
  - Expand higher speed internet access and various application VAS with FTTx 300M and above as the key offering in order to facilitate broadband customer migration.
  - Analyze customer attributes and service demand using CRM platform, promote digital convergence services (such as FTTx, mobile internet, MOD, etc.), and apply precision marketing to increase the number of customers and enhance traffic and revenue streams.

C. MOD/IPTV Services

- Key offerings and regions: nationwide throughout Taiwan.
- Market share: as of December 31, 2020, total MOD subscribers are approximately 2.07 million, representing a penetration rate of 23.2% (MOD subscribers/Total households) and a market share of 29.8% (MOD subscribers / (MOD subscribers + CATV subscribers).

- Future market demand and supply, market growth trends, competitive advantages and disadvantages:
  - Currently, MOD primarily offers television channel and on-demand video. In the future, as the Company continues to expand its customer base, the Company will provide more multi-screen content services.
  - MOD advantages: customized channel subscription package, 4K and HD quality, on-demand video, multi-screen availability; MOD app enables customers to download and view their preferred MOD programs anytime, anywhere.
  - Due to regulation restrictions, the Company currently cannot directly operate or act as an agent for television channels, which adversely impacts its business. In the long term, such restrictions may not be conducive for the overall development and competitiveness of the domestic film and television industry.
- Countermeasures:
  - Expand digital convergence and multi-screen integrated services. Provide differentiated products and increase customer value.
  - Expand MOD/OTT and HiNet VAS such as video, gaming, cyber security, etc., in order to increase revenue streams.
  - Expand MOD services and integrated marketing for broadband internet access.

D. International Fixed Communications Services

- Key Offerings and Regions: international long distance; nationwide throughout Taiwan and overseas to about 230 countries.
- Market share including enterprise market: as of December 31, 2020, market share by international long distance call minutes was 50.9%.
- Future market demand and supply, market growth trends, competitive advantages and disadvantages: international fixed communications revenue in 2020 declined 22.8% year over year primarily due to customers migrating to free communication software and the rapid reduction of mobile roaming traffic because of the impact from the COVID-19 pandemic. This was partially offset by growth in international leased lines and satellite services.
- Countermeasures:
  - Promote hotline service package and loyalty program to continue improving services for existing customer base.
  - Enhance Ideal Card bundled services.

(2) Consumer Market

A. Mobile Communications Services

- Key offerings and regions: nationwide throughout Taiwan, international roaming outside of Taiwan.
- Market share including enterprise market: as of December 31, 2020, market share by mobile communication subscribers was 36%.
- Future market demand and supply, market growth trends, competitive advantages and disadvantages:
  - As of December 31, 2020, the mobile communication penetration rate in Taiwan had reached 124.3%.
  - The Company focused on expanding mobile broadband services with cross-business integration and more competitive product design; as of December 31, 2020, mobile broadband customer base had reached approximately 11.30 million, representing an increase of 6.1% year over year.
  - The Company continues its infrastructure construction efforts based on user experience and establishing differentiated quality. The Company's mobile network design and construction focus on the goal of "widest coverage," especially for high population density areas and most bustling commercial districts with high and low frequency integration in order to enable optimal coverage and enable seamless voice calls, mobile internet access, and other commercial uses.
  - Although mobile voice revenue has decreased slightly due to market competition and substitution from VoIP, the Company's continued mobile broadband expansion and data usage promotions, combined with flexible pricing plans and Hami VAS, have successfully attracted more customers, resulting in solid revenue generation.
- Countermeasures:
  - Leverage the Company's bandwidth advantage, accelerate construction of infrastructure, improve customer experiences, expand the mobile customer base, and increase ARPU.
  - Introduce high, mid and low pricing plans for different smartphone customer segments, continue VAS optimization and management, and innovate new offerings for incremental revenue streams in order to achieve overall revenue targets.
  - Expand market share in the millennials segment by leveraging online stores in order to increase digital marketing efficiency and new customer acquisition.
  - Provide customers better quality services with cross-network integration and channel partner alliances.

(3) Enterprise Market

A. Domestic and international fixed communications, mobile communications, internet, and other VAS services.

- Key offerings and regions: nationwide Taiwan (international roaming available).
- Future market demand and supply, market growth trends, competitive advantages and disadvantages:
  - Continue to provide higher speed, better quality enterprise broadband, IDC, etc., in order to fulfill enterprise demand for broadband internet access, cloud applications, etc.
  - To reduce costs, the enterprise customers used free communication software and cheaper VoIP integration solutions for local and long-distance voice communication services. However, with the growth of enterprise ICT projects, domestic fixed communications revenue increased year over year. As a result of the COVID-19 pandemic, the demand for customizable, industry-specific services and international roaming decreased, which offset the growth of SMS and sales revenue. As a result, mobile communications revenue decreased this year, compared to the same period in the previous year.
  - International leased line market share was 75.1%. Revenue decreased by 5.4% compared with the same period of last year, due to implications from the US-China trade war and pandemic.
    The Company plans to continue to improve services for existing customers while developing new customers in the Southeast Asia market in order to facilitate data business revenue generation.
- Countermeasures:
  - Provide customers with better quality services, and increase customer loyalty and value with cross-network integration and channel partner alliances.
  - Continue to develop enterprise communication integration and VAS in order to increase VAS revenue generation.
  - Strengthen the promotion of international data and circuit leasing businesses, integrate IDC, cloud, domestic and international mobile communication business and emerging enterprise services. The Company will also strive for business opportunities relating to OTT operators and the implementation of the Hong Kong National Security Law to increase overall revenue.

B. Enterprise ICT services (IoT, IDC, cloud, enterprise information security, Network Managed Services, mobile ICT, etc.)

- Key offerings and regions: nationwide throughout Taiwan; in mobile IoT services, the Company is the only telecommunication service provider in Taiwan capable of providing NB-IoT and LTE Cat-M1 services for both the domestic and overseas markets.
- Market share: Due to the wide range of industry definitions that exist without consistent standards, there is no total ICT market volume information, which makes it hard to calculate market share.
- Future market demand and supply, market growth trends, competitive advantages and disadvantages:
  - The Company has competitive advantages in technology, telecommunications, large-scale project execution and integration, a renowned brand, nationwide service channels, providing enterprises with advanced ICT services, and enabling enterprises to achieve their respective strategic and operational targets.
  - Applications such as IoT, enterprise information security, and mobile ICT are driving demand as both higher speed internet access and diverse mobile device penetration rates increase.
  - Competitors typically use lower pricing strategies when deploying enterprise ICT services and in seizing enterprise market opportunities.
- Countermeasures:
  - Expand fixed network broadband, mobile internet access, digital convergence, and other enterprise VAS in order to increase customer value and revenue generation.
  - Expand IoT, enterprise information security, IDC, cloud, mobile ICT, etc., in order to fulfill enterprise client demand for innovative applications and VAS.
  - Provide mobile IoT communication services, enable enterprises to adopt various mobile solutions, and collaborate with global telecommunication service providers to offer terminals for international roaming, enterprise terminal management, IoT solutions, etc.
  - Expand and discover qualified alliance partners to provide sector-specific ICT total solutions for enterprise clients; actively compete for project bidding opportunities from government entities.

2.2 Main Features and Production Process of Major Products

The Company's leading offerings are domestic and international fixed communications, mobile communications, and internet services for individual consumers, households, and enterprises. The Company's main product features and production processes are: service positioning and network planning, construction, and post-maintenance.

2.3 Supply of Raw Materials

Not applicable as the Company is not a manufacturer.

2.4 Major Suppliers/Customers Accounting for More Than 10% (inclusive) of Purchases/ Sales in the Most Recent 2 Years

None.

2.5 Production Volume in the Most Recent 2 Years (Equipment)

Key Offerings		2019	2020
Domestic Fixed Communications	Domestic Network	15,993,445 subscribers	14,743,705 subscribers
	Long Distance Network	1,400,516 subscribers	1,400,516 subscribers
	Broadband Access Network (ADSL+FTTx)	10,948,316 ports	11,190,719 ports
	MOD (Set-Top box)	2,691,313 sets	2,569,351 sets
Mobile Communications	Mobile Network	18,820,000 subscribers	20,980,000 subscribers
Internet Network	HiNet BRAS	5,489,000 ports	5,476,000 ports
International Fixed Communications	International Network	159,616 subscribers	101,616 subscribers

2.6 Sales Volume for the Most Recent 2 Years

Key Offerings		2019		2020	
		Subscribers/ Minutes in millions	Revenue (NT$ billions)	Subscribers/ Minutes in millions	Revenue (NT$ billions)
Domestic Fixed Communication	Domestic Network	10.163 Subs	25.73	9.897 Subs	24.46
	Long Distance Network	1,804.8 Mins	2.20	1,640.7 Mins	2.0
	Broadband Access Network (ADSL+FTTx)	4.405 Subs	17.98	4.348 Subs	18.14
	MOD	2.082 Subs	3.60	2.069 Subs	3.64
Mobile Communications	Mobile Services	10.649 Subs	58.7	11.298 Subs	56.72
Internet Network	HiNet Broadband	3.624 Subs	30.09	3.584 Subs	32.12
International Fixed Communications	International Network	485 Mins (Note)	11.49	222.3 Mins (Note)	8.7

Note: Only including outgoing minutes.

3. Human Resources

Year		2019	2020	2021 (as of Feb. 28, 2021)
Number of Employees		21,706	20,930	20,527
Average Age		50.84	50.1	49.75
Average Years of Service		25.25	24.42	23.85
Breakdown of Education Level (%)	Ph.D.	1.2	1.29	1.30
	Masters	29.03	31.51	32.08
	Bachelors	50.58	50.39	50.28
	Senior High School	17.64	15.58	15.12
	Below (and include) Middle School	1.55	1.23	1.22

4. Environmental Protection Expenditures

4.1 Losses or Penalties Due to Environmental Pollution for the Most Recent Year and up to the Publication Date of this Annual Report

None.

4.2 Countermeasures and Potential Costs

(1) Environmental Protection and Pollution Prevention

A. Ensure that, during telecommunications engineering construction, environmental protection and related laws including those of air pollution, noise pollution, and waste disposal, are complied with and that appropriate prevention measures are implemented. At the same time, require each engineering unit to strengthen supervision of vendors to ensure full cooperation.

B. When conducting telecommunication engineering work near roads, strive to avoid heavy traffic flow hours and use low-noise equipment to reduce the impact on the living environment for nearby residents.

C. When lead acid batteries used in telecommunications need to be disposed of, relevant environment protection laws will be followed, and will be recycled by qualified vendors who are properly registered with the Environmental Protection Agency (EPA), with proper documentation provided in sextuplicate for audit tracking.

(2) Enhance Environmental Protection Measures for Telecommunication Engineering Construction

A. When designing telecommunication lines, incorporate environmental protection and pollution prevention into the list of considerations for construction site planning, and prepare the budget and construction plan report accordingly. After construction begins, strictly implement construction site pollution prevention measures.

B. Strengthen on-site environmental protection; when conducting telecommunications pipeline excavation, avoid waste from touching the ground, and prevent any pollution to a city's appearance or environment during transit.

C. Proactively control air and noise pollution in all facility offices; for new equipment purchases, in addition to strictly requiring manufacturers to provide products that comply with environmental regulations, also require contractors to comply with the laws during construction and to guarantee engineering quality.

(3) Enhance Energy Saving Measures in Facility Office

A. Utilize centralized monitoring system to control equipment room temperature and conduct peak demand controls to effectively control equipment room temperatures to between 27~30°C, and to prevent traffic overload during peak demand intervals.

B. In accordance with the thermal load characteristics of the telecommunications facilities, adopt high sensible heat packaged air conditioning systems to improve air conditioning efficiency.

C. Choosing high efficiency models for newly purchased equipment, installing some equipment with inverters, and accelerating the replacement of old and energy-consuming equipment to reduce equipment energy consumption.

D. Air conditioning systems utilize high sensible heat energy-saving units, and energy-saving and temperature-controlling frequency conversion cooling water towers and motors, effectively reducing operating power.

E. Avoid low loading usage of power supply equipment to optimize its operating efficiency.

F. Use natural ventilation and air conditioning in suburban base stations.

G. For remote areas or suburbs with lower temperatures and better air quality, modify air conditioning systems to prefer low temperature natural air, which can significantly reduce energy use in winter months.

H. Implement energy-saving measures, such as replacing old 3G base station equipment, to reduce station power consumption.

I. Implement mobile network dormancy mode during off-peak hours to reduce base station power consumption.

J. Strengthen and improve the heat dissipation capability of telecommunications equipment, moderately increasing ambient temperature while effectively reducing the power consumption of air conditioning systems.

K. When planning and designing new air conditioning systems, use various energy saving options, such as: separating cold and hot aisles, frequency conversion fans, induced ventilation systems, and variable air volume systems.

L. In accordance with the amount of heat generated by communication equipment, flexibly change air conditioner system air volume or air duct placement.

M. Optimize, consolidate, eliminate, and choose low energy-consuming products for switches, broadband, and transmission circuits.

N. Cooperate to replace telecommunications equipment and centralize facility office electrical equipment in order to improve overall operating efficiency.

5. Employee Relations

5.1 Workplace Environment and Employee Safety

(1) All of the Company's Level 1 and 2 branch offices have in place designated Occupational Safety and Health Department in charge of all occupational safety and health management plans and procedures, in accordance to relevant regulations. The Occupational Safety and Health Department focuses on providing appropriate work environment, hazard recognition, all safety and health management evaluations and controls, automated checking, and operating environment surveillance equipment, in order to create a safe, healthy, comfortable, and friendly work environment.

(2) The Company has established three corporate training centers, in Banqiao, Taichung, and Kaohsiung, for conducting regular safety and health training and drills for employees and contractors in order to improve occupational safety awareness, and safety and health skills and responsiveness, to ensure the overall safety of all employees and contractors.

(3) The Company has engaged doctors and professional nursing staff to conduct on-site health related services in order to ensure employee well-being, including planning and implementing health education, and providing health promotion and sanitary guidelines, work-related injury prevention education, health consultations, first aid, emergency response, and health examination analysis, evaluation, and management.

(4) The Company pays for various health examination packages for employees depending on their respective age and health risk factors. In addition, the Company promotes healthy activities, establishes sports and leisure facilities, and develops employee assistance programs (EAP).

(5) In order to continue promoting safety and health management effectiveness, and to match international occupational safety and health standards, the Company proactively conforms to the revised occupational health and safety standard (ISO 45001) international certification. As of 2020, 26 of the Company's Level 1 and 2 branches have completed status certifications. Another Level 1 status branch is expected to pass in 2021, which will account for a total of 27 Level 1 and 2 status branch offices completing certifications and receiving annual re-certifications. Through the Plan-Do-Check-Act systemized management cycle, continue to improve safety and health management results and create a high-quality safety and health culture.

(6) In order to ensure zero cluster infection in the workplace, the Company has taken various precautions against the COVID-19 epidemic, including the formulation of a COVID-19 Epidemic Response Plan, establishing a contingency organization, constantly updating epidemic prevention measures information at various stages, initiating temperature checks before entering the workplace for all employees, conducting random inspections for epidemic prevention measures, following up with the employees who are identified as potential contacts with confirmed cases of COVID-19, conducting COVID-19 prevention campaign, and purchasing enough anti-epidemic materials for employees to use.

5.2 Employee Behavior and Ethical Standards

(1) The Company has established a "Code of Ethics", which includes standards on personal responsibility, community responsibility, and responsibility towards the Company, the public, and other stakeholders. Applicable to directors, managers, and employees, its purpose is to prevent unethical conduct and to promote behavior that conforms with requirements and standards, including general principles, general principles, conflicts of interest among employees, customer and supplier relationships and conflicts of interest, and related policies and standards that also include the Company's policies towards ethical business practices.

(2) The "Code of Ethics" can be accessed under "Corporate Governance" within the corporate website https://www.cht.com.tw > About Us> About CHT > Corporate Governance > Other by Laws> Code of Ethics, and internal "Human Resources" website. The Company conducts annual "Code of Ethics" reviews and online testing in order to strengthen employee ethics and values.

(3) The Company has established "Employee Appraisal Guidelines" and "Employee Reward/Disciplinary Standards" to conduct employee assessments and to arrange for rewards and penalties.

(4) The Company has established "Employee Suggestions and Reward Operations Guidelines" in order to encourage all employees to actively make suggestions, participate in research and development, reduce costs and expenses, increase productivity, and contribute to a positive and innovative corporate culture.

5.3 Employee Welfare Policy

(1) The Company has provided employee labor insurance in accordance to the regulations, and in case of any claims, the Company shall actively notify and assist all employees throughout the application process in order to ensure employee welfare rights.

(2) Manage medical insurance for employees and dependents.

(3) According to employees' physical capabilities, interests, feedback, and opinions, organize hikes, tours, excursions, sports competitions, and cultural and recreational activities, and provide participation rewards and competition awards to increase employee motivation for participation in such activities, to promote the development of employees' physical and mental health and increase opportunities for interaction.

(4) The Company provides employee benefits in order to assist the Employee Welfare Committee to offer various employee subsidies (such as for marriage, birth, children's education, retirement, death of employee and related family dependents, etc.), perks for the three major holidays, employee recreational activities, birthday parties, group insurance, and others.

(5) In accordance with the national birth policy, to retain younger talent, to enhance the corporate image, and to better care for the younger generation of employees, since 2018, the Company has distributed child care subsidies for each employee with children aged from 0 to 6 years old; the amount was increased to NT$6,000 per year after September 1, 2020. The child care subsidy system has been standardized within the Company, and the subsidy is automatically distributed as long as the employee qualifies with a child aged 0 to 6 years. In addition, any approved corporate child care subsidy from the local government shall also be provided to eligible employees by the Company.

(6) The Company has established the Employee Share Trust in order to increase employee welfare benefits, enhance corporate unity, share the successes of business operations, and ensure better living after employee retirement or departure. The Trust consists of pro-rata share-based bonuses based on employee monthly salaries.

(7) The Company is required under the Employment Insurance Act to pay 6 months of allowances for employees who have taken parental leave. Employees are further entitled under company policies to receive additional monthly allowances totaling half the sum assured under the Labor Insurance law during child care leave.

5.4 Overseas Delegation and Workshop

The Company has arranged overseas delegations and research opportunities in accordance with its annual budget. For 2019, total number of employees going abroad was 378. For 2020, due to the impact of COVID-19 pandemic, the total number of employees who went abroad was 57.

5.5 Employee Training and Education Program

(1) Employee Training and Education Status

The Company strives to provide all employees with an open and diverse learning environment, primarily focusing on educational training and professional development. The employees can improve their knowledge with access to internal and external training programs, e-Learning programs, a knowledge management system, and guidance from their supervisors and colleagues. In addition, employees can experience many types of training programs, such as new recruits orientation, management and supervisory training, professional knowledge and technology development, marketing and customer relations training, safety and health training, computer training, e-Learning, etc. In addition, employees can cultivate their development through job rotations, special project assignments, and overseas assignments, to further their personal and professional lives.

A. Employee Training: New Recruits and On-the-Job Training

- New Recruits Training: in order to ensure that all newly hired employees can seamlessly join the Company with a basic understanding of the Company's operating guidelines, culture, organization, business, safety, employee rights and responsibilities, etc., the respective department of the Company arranges new recruit orientation programs and relevant e-Learning programs.
- Employee On-the-Job Training
  - The Company's HR team is in charge of planning and executing employee on-the-job training with relevant assessments in order to enable all employees to achieve successful career development, enhance their professional knowledge, and improve their service attitudes and overall performance.
  - The employee training and education program is primarily divided into two categories, professional and managerial, both of which leverage e-Learning programs, community

learning, a knowledge management system, and relevant e-Learning satisfaction surveys.

- In 2020, expenses related to employee training and education amounted to NT$493 million, including training academies, professional development, self-learning, external training, etc. Based on total employees of 20,930, this represents an average expense of NT$23,555 per headcount for employee training and education.
- The Company has Telecommunication Training Institutes in Banqiao, Taichung, and Kaohsiung, and has designed various training programs on an annual basis in accordance to the overall corporate plan. In 2020, the Telecommunication Training Institutes conducted 1,642 classes for 71,590 attendees, totaling training fees of NT$493 million. For details, please see the table below:

Training Categories		# of Classes	# of Attendances	Total # of Man-Hour	Fees (NT$' 000)
1	Management & Supervisory	299	14,565	80,922	75,726
2	Professional Knowledge & Technology	563	15,747	144,833	135,534
3	Marketing & Customer Services	193	5,931	31,513	29,490
4	Safety & Health	128	9,643	45,066	42,173
5	Computer	459	25,704	201,994	189,025
6	e-Learning	-	-	540,939	21,052
	Total	1,642	71,590	1,045,267	493,000

B. Employee Professional Development:

- The Company has established the "Studying at Universities and Colleges (Including Research Institutes) for the Staff of Chunghwa Telecom Co., Ltd." policy in order to encourage all eligible employees to further their professional development.
- The Company has established "Studying at Universities and Colleges (Including Research Institutes) for the Staff of Chunghwa Telecom Co., Ltd." policy in order to develop talented employees in the areas of telecommunications business, technology, and management. Details regarding program participants and fees for academic year 2019-2020 are listed below:

Items \ Categories	Specialty	Bachelor	Master	Ph.D.	Total
# of Applications	4	51	244	30	329
Fees (NT$)	33,660	490,355	5,446,156	86,407	6,056,578

Note: The above table lists all subsidized applications for academic year 2019-2020 in the first semester (September 1, 2019, to January 31, 2020) and the second semester (February 1, 2020, to June 30, 2020).

(2) Financial Reporting Related Employees with Mandatory Certifications:

A. International internal auditor certification:

6 personnel in the audit department; 2 personnel in the accounting department

B. R.O.C. internal auditor certification:

5 personnel in the audit department; 5 personnel in the accounting department

C. International internal control certification:

3 personnel in the audit department

D. R.O.C. certified public accountant:

1 person in the audit department; 19 personnel in the accounting department.

E. U.S. certified public accountant:

3 personnel in the accounting department.

5.6 Retirements

(1) The Company has established the "Employees' Pension, Consolation Pay, and Severance Pay Guidelines of Chunghwa Telecom," which is in accordance to the relevant Labor Standards Act and Labor Pension Act. For those employees who have retired prior to the privatization of Chunghwa Telecom, their respective retirement benefits are issued by the central government.

(2) The Labor Standard Act Article 56-1 stipulates monthly provisions to be provided as retirement pensions, while Article 56-2 stipulates that, commencing March 31, 2020, a one-time pension reserve can be allotted at the full balance, and must be managed appropriately by the Company's Employee Retirement Fund Supervisory Committee, and deposited into Bank of Taiwan under the committee's name.

(3) In accordance to the Labor Pension Act, the Company contributes a monthly pension rate of no less than 6% of employees' monthly salary. These contributions are deposited directly into employees' pension accounts held under the Bureau of Labor Insurance.

(4) In 2020, the number of officially retired employees were 1,318, and voluntary retirement personnel were 207 for a total of 1,525 retired personnel, and all have completed the retirement procedures.

5.7 Employee Negotiation and Employee Benefits Protection

(1) The Company values employees as one of its most important assets. Since its privatization, the Company has not only complied with labor union agreements, but has also implemented benefits including a 2-year maternity leave, birth allowances, employee children education funding, an employee stock trust, and employee bonuses. The Company strives to facilitate comprehensive and consistent communication with all employees in order to ensure satisfactory labor union relations.

(2) The Company has established regular, trustworthy and effective communication channels in order to increase the frequency and depth of overall communication with labor unions.

A. The Company's branches hold at least one meeting every 3 months in accordance to the labor union agreement.

B. If any significant labor-related amendment changes are requested, negotiation and discussion meetings are conducted as additional meetings.

(3) The Company has signed a collective bargaining agreement in accordance with the "Collective Agreement Act." Currently, agreements have been signed with the Chunghwa Telecom Workers' Union, Southern Taiwan Business Group Workers' Union, Northern Taiwan Business Group Workers' Union, Data Communications Business Group Workers' Union, Kaohsiung Branch Workers' Union, Changhua Branch Workers' Union, Taichung Branch Workers' Union, Tainan Branch Workers' Union, Pingtung Branch Workers' Union, and Nantou Branch Workers' Union.

5.8 Losses Related to Labor Disputes in 2020 and up to the Publication Date of this Annual Report

(1) In 2020 and up to the publication date of this annual report, the company was fined NT$230,000 and penalized by the Labor Authority.

As of February 28, 2021

No.	County or City	Record Date	Record Number	Law Violated	Violation Details	Fine (NT$'000)	Notes
1	Taipei City	August 24, 2020	Ministry of Labor Record No. 10960604431	Article 24 (1) of the Labor Standards Law	The extension of working hours and overtime on rest day	100	In 2020, the Northern Taiwan Business Group of Chunghwa Telecom Co., Ltd. was subjected to a Labor Inspection, and was fined NT$100,000 due to violations.
2	Kaohsiung City	December 14, 2020	Ministry of Labor Record No. 1090128877	Article 6 (1) of the Collective Agreement Act and Article 35.1.5 of the Labor Union Act	Unfair Labor	100	The Company failed to invite the President of the Southern Taiwan Business Group South Branch Business Union to attend the assessment committee meeting as listed in the Collective Agreement Act, resulting in a fine of NT$100,000 from the Ministry of Labor.
3	Kaohsiung City	January 18, 2021	Ministry of Labor Record No. 1100125002	Article 35.1.5 of the Labor Union Act	Unfair Labor	30	The Company failed to follow the convention to invite the representatives recommended by the Southern Taiwan Business Group South Branch Business Union to attend the assessment committee meeting, as listed in the Labor Union Act, resulting in a fine of NT$30,000 from the Ministry of Labor.
	Total					230	

(2) In order to implement the Labor Standards, uphold the rights of employees and the Company, and in response to labor inspections, the Company has not only strengthened the management practices of relevant labor laws and regulations, but has also hired external lawyers to provide education related to labor inspections, self-inspections, principles, and precautions, with the goal of achieving zero violations of Labor Standards and reduce penalties.

6. Major Contracts

Contract Types	Contract Party	Contract Period	Key Content	Restrictions
Procurement	APPLE ASIA LLC	Jul 9, 2020 ~ Current	Products for resale	Confidentiality
Procurement	Ericsson Taiwan Ltd、Nokia Networks Taiwan Co., Ltd	Jan 15, 2020 ~ Dec 31, 2021	Mobile communication equipment	Confidentiality
Procurement	Hwacom Systems Inc.、Stark Inforcom Inc.	Jun 30, 2020 ~ Jun 30, 2021	Transmission equipment	Confidentiality
Procurement	Ta Ya Electric Wire & Cable Co., Ltd、Pacific Electric Wire & Cable Co., Ltd、Walsin Lihwa Corporation	Jan 10, 2020 ~ Sep 16, 2021	Wire and cable	Confidentiality
Procurement	Chung-Hsin Electric & Machinery Mfg Corp.	Nov 6, 2020 ~ Nov 15, 2021	Mechanical engineering	Confidentiality
Related Entities				
Procurement	Chunghwa System Integration Co., Ltd	Jan 22, 2020 ~ Oct 15, 2021	Set-top-box	Confidentiality
Procurement	Taiwan International Standard Electronic	May 7, 2020 ~ Jan 31, 2021	Fiber-optic communication equipment	Confidentiality
Procurement	Honghwa International Corp.	Dec 30, 2020 ~ Dec 31, 2022	Labor contract	Confidentiality
Procurement	International Integrated Systems, Inc	Oct 22, 2020 ~ Dec 31, 2025	Information security	Confidentiality
Procurement	Senao International Co.	May 28, 2020 ~ May 31, 2021	Products for resale	Confidentiality

6 Review and Analysis of Financial Position, Financial Performance, and Risk Management

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Review and Analysis of Financial Position, Financial Performance, and Risk Management

1. Financial Position

Analysis of Consolidated Financial Position for the most recent 2 years

Unit: NT$'000

Item / Year	Dec 31, 2020	Dec 31, 2019	Variance (+/-) Amount	Variance (+/-) %
Current Assets	81,803,059	94,072,062	(12,269,003)	(13)
Property, Plant and Equipment	281,415,943	283,694,215	(2,278,272)	(1)
Intangible Assets	90,284,560	47,046,525	43,238,035	92
Other Assets	52,874,430	52,645,436	228,994	0
Total Assets	**506,377,992**	**477,458,238**	**28,919,754**	**6**
Current Liabilities	71,435,111	64,351,545	7,083,566	11
Noncurrent Liabilities	45,684,424	26,712,928	18,971,496	71
Total Liabilities	**117,119,535**	**91,064,473**	**26,055,062**	**29**
Common Stocks	77,574,465	77,574,465	0	0
Additional Paid-in Capital	171,261,379	171,255,985	5,394	0
Retained Earnings	128,168,050	126,591,245	1,576,805	1
Other Equity	927,122	688,548	238,574	35
Noncontrolling Interests	11,327,441	10,283,522	1,043,919	10
Total Equity	**389,258,457**	**386,393,765**	**2,864,692**	**1**

Analysis for any variation plus and minus (+/-) 20%:

- Intangible assets increased by 92%: primarily due to the acquisition of the 5G mobile broadband license in 2020.
- Noncurrent liabilities increased by 71% and total liabilities increased by 29%: primarily due to the issuance of bonds in 2020.
- Other equity increased by 35%: primarily due to the increase of unrealized gain on financial assets at fair value through other comprehensive income.

Analysis of Parent-only Financial Position for the most recent 2 years

Unit: NT$'000

Item \ Year	Dec 31, 2020	Dec 31, 2019	Variance (+/-) Amount	Variance (+/-) %
Current Assets	54,926,878	69,965,003	(15,038,125)	(21)
Property, Plant and Equipment	272,623,164	274,744,872	(2,121,708)	(1)
Intangible Assets	89,723,406	46,519,457	43,203,949	93
Other Assets	67,065,574	66,085,949	979,625	1
Total Assets	**484,339,022**	**457,315,281**	**27,023,741**	**6**
Current Liabilities	63,358,005	59,382,190	3,975,815	7
Noncurrent Liabilities	43,050,001	21,822,848	21,227,153	97
Total Liabilities	**106,408,006**	**81,205,038**	**25,202,968**	**31**
Common Stocks	77,574,465	77,574,465	0	0
Additional Paid-in Capital	171,261,379	171,255,985	5,394	0
Retained Earnings	128,168,050	126,591,245	1,576,805	1
Other Equity	927,122	688,548	238,574	35
Total Equity	**377,931,016**	**376,110,243**	**1,820,773**	**0**

Analysis for any variation plus and minus (+/-) 20%:

- Current assets decreased by 21%: primarily due to the decrease of cash and cash equivalents for the payment of 5G mobile broadband license and the decrease of inventories for the completion of large-scale projects in 2020.
- Intangible assets increased by 93%: primarily due to the acquisition of the 5G mobile broadband license in 2020.
- Noncurrent liabilities increased by 97% and total liabilities increased by 31%: primarily due to the issuance of bonds in 2020.
- Other equity increased by 35%: primarily due to the increase of unrealized gain on financial assets at fair value through other comprehensive income.

2. Financial Performance

Analysis of Consolidated Financial Performance for the most recent 2 years

Unit: NT$'000

Item / Year	2020	2019	Variance (+/-) Amount	Variance (+/-) %
Revenues	207,608,998	207,520,061	88,937	0
Gross Profit	70,580,146	71,567,521	(987,375)	(1)
Income from Operations	42,361,726	40,645,854	1,715,872	4
Non-Operating Income and Expenses	469,245	1,103,938	(634,693)	(57)
Income Before Income Tax	42,830,971	41,749,792	1,081,179	3
Net Income	34,705,543	33,763,943	941,600	3
Other Comprehensive Income (Loss), Net of Income Tax	1,174,916	1,442,506	(267,590)	(19)
Total Comprehensive Income	35,880,459	35,206,449	674,010	2
Net Income Attributable to:				
Stockholders of the Parent	33,406,130	32,788,546	617,584	2
Noncontrolling interests	1,299,413	975,397	324,016	33
Comprehensive Income Attributable to:				
Stockholders of the Parent	34,598,348	34,225,076	373,272	1
Noncontrolling interests	1,282,111	981,373	300,738	31

Analysis for any variation plus and minus (+/-) 20%:

- Non-operating income and expenses decreased by 57%: primarily due to the decrease of interest income, the increase of interest expenses and the decrease of share of profits of associates and joint ventures accounted for using equity method.
- Net income attributable to noncontrolling interests increased by 33% and comprehensive income attributable to noncontrolling interests increased by 31%: primarily due to the increase of net income of CHPT in 2020.

Analysis of Parent-only Financial Performance for the most recent 2 years

Unit: NT$'000

Item / Year	2020	2019	Variance (+/-) Amount	Variance (+/-) %
Revenues	178,622,827	179,321,838	(699,011)	0
Gross Profit	61,416,583	63,265,562	(1,848,979)	(3)
Income from Operations	39,539,657	38,345,865	1,193,792	3
Non-Operating Income and Expenses	1,343,772	1,916,727	(572,955)	(30)
Income Before Income Tax	40,883,429	40,262,592	620,837	2
Net Income	33,406,130	32,788,546	617,584	2
Other Comprehensive Income (Loss), Net of Income Tax	1,192,218	1,436,530	(244,312)	(17)
Total Comprehensive Income	34,598,348	34,225,076	373,272	1

Analysis for any variation plus and minus (+/-) 20%:

- Non-operating income and expenses decreased by 30%: primarily due to the decrease of interest income, the increase of interest expenses and the decrease of share of profits of associates and joint ventures accounted for using equity method.

3. Cash Flow

Analysis of Consolidated Cash Flows for the most recent 2 years

Unit: NT$'000

Item \ Year	2020	2019	Variance (+/-) Amount	Variance (+/-) %
Cash & Cash Equivalents, Beginning of the Year	34,049,643	27,644,780	6,404,863	23
Net Cash Provided by Operating Activities	74,455,956	72,426,685	2,029,271	3
Net Cash Used in Investing Activities	(68,253,689)	(27,126,294)	(41,127,395)	152
Net Cash Used in Financing Activities	(9,801,699)	(38,934,216)	29,132,517	(75)
Effect of Exchange Rate on Cash and Cash Equivalents	(30,556)	38,688	(69,244)	(179)
Cash & Cash Equivalents, End of the Year	30,419,655	34,049,643	(3,629,988)	(11)

Analysis for any variation plus and minus (+/-) 20%:

- Net cash used in investing activities increased by 152%: primarily due to the acquisition of the 5G mobile broadband license.
- Net cash used in financing activities decreased by 75%: primarily due to the issuance of bonds and commercial paper in 2020 to enrich working capital and to pay the 5G spectrum bid.
- Effect of exchange rate on cash and cash equivalents decreased by 179%: primarily due to the larger USD position held by subsidiaries and USD against NTD depreciated.

Analysis of Parent-only Cash Flows for the most recent 2 years

Unit: NT$'000

Item \ Year	2020	2019	Variance (+/-) Amount	Variance (+/-) %
Cash & Cash Equivalents, Beginning of the Year	25,081,712	16,922,851	8,158,861	48
Net Cash Provided by Operating Activities	70,163,197	70,144,449	18,748	0
Net Cash Used in Investing Activities	(66,481,394)	(24,173,031)	(42,308,363)	175
Net Cash Used in Financing Activities	(8,673,462)	(37,812,557)	29,139,095	(77)
Cash & Cash Equivalents, End of the Year	20,090,053	25,081,712	(4,991,659)	(20)

Analysis for any variation plus and minus (+/-) 20%:

- Net cash used in investing activities increased by 175%: primarily due to the acquisition of the 5G mobile broadband license.
- Net cash used in financing activities decreased by 77%: primarily due to the issuance of bonds and commercial paper in 2020 to enrich working capital and to pay the 5G spectrum bid.

Projected Consolidated Cash Flow for 2021

Unit: NT$'000

Cash & Cash Equivalents, Beginning of the Year	Projected Net Cash Flow from Operating Activities (Note)	Projected Total Cash Outflow (Note)	Projected Cash & Cash Equivalents, End of the Year	Expected Remedy Plans for Negative Balance of Cash and Cash Equivalents	
				Investment Plans	Financing Plans
30,419,655	68,046,839	77,902,447	20,564,047	-	-

Note:

1. The above table is based on consolidated financial statements.
2. Operating activities: Cash flows from operating activities expected to remain stable in 2021.
3. Investing activities: Cash outflows from investing activities in 2021 are mainly on network infrastructure.
4. Financing activities: Cash flows from financing activities in 2021 are mainly for cash dividend distribution and proceeds from borrowings.

4. Major Capital Expenditures and Impact for the most recent year

4.1 Major Capital Expenditures and Source of Funding

Unit: NT$ billion

Actual or Planned Source of Capital	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Actual or Expected Capital Expenditure	
			2020 (Actual)	2021 (Expected)
Domestic Fixed Communications (2020)	Internal Funded	December 2020	11.48	-
Mobile Communications (2020)	Internal Funded	December 2020	8.83	-
Internet (2020)	Internal Funded	December 2020	1.40	-
International Fixed Communications (2020)	Internal Funded	December 2020	0.78	-
Others (2020)	Internal Funded	December 2020	1.02	-
Domestic Fixed Communications (2021)	Internal Funded	December 2021	-	14.67
Mobile Communications (2021)	Internal Funded	December 2021	-	15.74
Internet (2021)	Internal Funded	December 2021	-	8.80
International Fixed Communications (2021)	Internal Funded	December 2021	-	2.22
Others (2021)	Internal Funded	December 2021	-	1.72

Note: The above table is based on consolidated financial statements.

4.2 Expected Benefits

(1) Further business development, focusing on enriching mobile broadband (including 5G), fixed network broadband, submarine cable and IDC services.

(2) Improve service quality, focusing on strengthening network service quality and customer service quality.

(3) Strengthen and expand the business's logistics support capabilities, focusing on research and development of technology applications and strengthening business expansion capabilities.

(4) Improve operational efficiency, focusing on strengthening network maintenance and operations, account management, enterprise digitization, asset activation, etc.

5. Investment Policies and Key Reasons for Profit / Loss for the most recent year; Improvement Plan and Future Investment Plan in the coming year

The Company's investment policies are consistent with its operational policies and development strategies, as well as complementary to its overall business and strategic goals, in order to enhance its core competencies, to accelerate new business initiatives and new market opportunities leveraging core strengths, thus achieving the Company's long term vision.

In 2020, there were total 42 investee companies. Overall net investment income amounted to NT$1.54 billion.

Generally speaking, the Company's investments will be integrated with its business development activities in order to achieve original investment objectives and synergies, while Investments are regularly evaluated for strategic and financial performance and investee companies that incurred losses will adopt improvement measures, and when necessary, a dissolution is implemented.

For more details, please also see page 71, Chapter III, Section 10, "Comprehensive Shareholding Information Relating to Company, Directors, Management, and Companies Affiliated through Direct and Indirect Investments" and page 123, Chapter VII, Section 1.1, "Consolidated Operation Report of the Company and Affiliates".

6. Analysis of Risk Management for the Most Recent Year and up to the Publication Date of this Annual Report

6.1 Risk management structure and operation

The "Chunghwa Telecom Risk Management Rules" is designed in accordance with the COSO ERM structure including its eight elements and its four major objectives, namely, strategic objectives, operations objectives, financial reporting and legal compliances. The Rules was passed by the board of directors in 2006. To further enhancing the risk awareness and risk management, the Company has established the risk management committee in 2016, consisting of senior managers, which is responsible for supervising risk management and reporting as needed to the Board and the Audit Committee of the Board.

The Company's risk management operations are tracked and managed in accordance with the procedures of consciousness establishment, objective setting, event identification, risk analysis, risk assessment, risk response, control activities, information and communication, risk monitoring. The risk assessment and response is also incorporated into the implementation and measures of the Company's various business execution and management.

The policy, scope and the organization chart with its responsibilities of our risk management are listed below:

(1) Policy

To enhance the corporate governance, to formulate the strategies of risk management, to establish the integrity of risk management operations, to identify and manage risk events and to ensure the operating goals of the Company achieved.

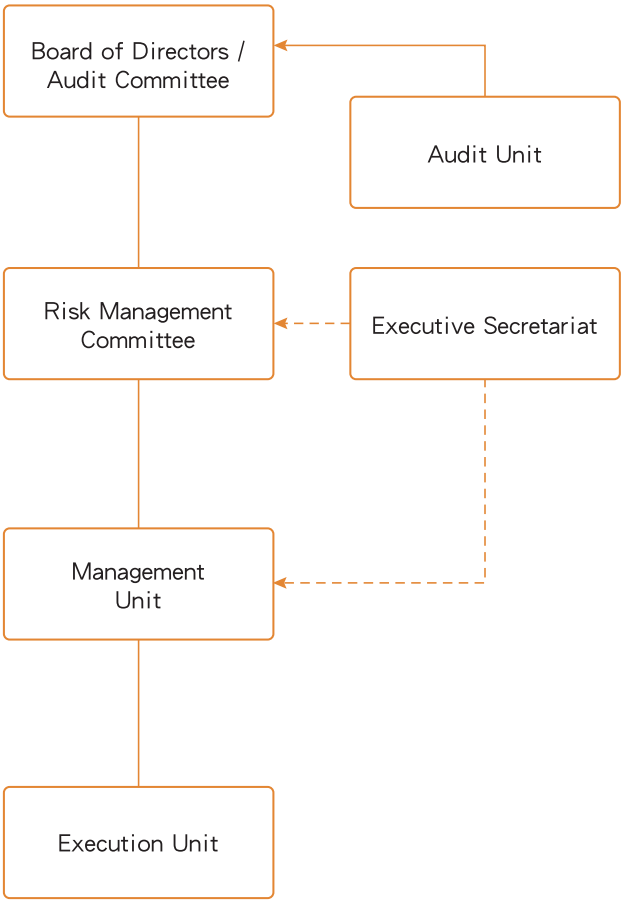
(2) Scope

In order to meet control goals in the areas of strategy, operations, finances, and regulatory compliance, the Company analyzes sources of risk from variables from internal and external environments. A risk matrix is used to identify and analyze the opportunities and risks of the operating environment. Management teams use the results to establish strategies and objectives to conduct risk controls.

Recent risk issues include 5G operating risk, COVID-19 pandemic risk, cybersecurity and personal data protection risk, and climate change risks. Critical risks are closely tracked and managed by the committee to reduce risks to stakeholders.

(3) Organization chart with its responsibilites

The organization chart of our risk management is listed below:



Committee of Risk Management: President as the convener

- Comprised of Senior Executive Vice Presidents and Vice Presidents
- Supervise the improvements of risk management
- Approve the risks identified along with their priorities

Audit Unit: Audit Department

- Audit the risk management independently
- Report regularly to the Audit Committee of the Board

Management Unit: Departments within Headquarter

- Identify and evaluate possible risks
- Review plans of risk management from all branch offices
- Track and manage the effectiveness of the risk management from all branch offices

Execution unit: Business Groups (including affiliated units)

- Propose and execute risk management plan
- Report the execution results to Management Unit

Executive Secretariat: Corporate Planning Department within Headquarter

- Promote improvements in risk management mechanism and practices
- Organize meetings of risk management committee
- Analyze and report the execution results in risk management

(4) Operating situation

In 2020, the company held three committee meetings, focusing on corporate-level risks linked to the goals of business plan. The Company reported its annual risk management operations situation in the 9th meeting of the 9th Board of Directors on November 6, 2020. To further address the issue of climate change, the Company launched a Task Force of "SBT(Science-based targets) & TCFD(Task Force on Climate-related Financial Disclosures) "in May 2020, which introduced a financial data framework from TCFD to strengthen data-driven decision-making processes. With this project, the Company become one of the first in the global telecomm industry to pass the BSI(British Standards Institution) TCFD compliance review with the highest level 5 honor.

According to the Company's risk management rules, regularly scheduled risk management education and training, as well as various risk management-related courses, are offered and held on a yearly basis, covering cybersecurity, occupational safety, information, internet, etc. In 2020, the Company began offering courses, including on-the-job risk management training, basic risk assessment classes, and advanced risk assessment classes, to strengthen the company's risk management and control capabilities.

6.2 Cybersecurity Risks Management and Privacy Protection

(1) Recent key risk identification

Driven by emerging applied technologies (e.g., 5G applications, IoT, AI and cloud services), cybersecurity threats have evolved into multi-faceted mixed attacks. Any cybersecurity incident or privacy leakage will damage customers' rights and cause the Company with penalties and financial losses. In addition, malware attacks, which are often imbedded into supply chain software, have become more frequent and diverse, and would adversely impact business services or privacy leakage.

(2) Countermeasures

A. Organizational Operation

The Company has passed the government's administrative security and privacy protection checks and obtained third-party certifications (including ISO 27001 / ISO 27011 / BS10012 / CSA STAR Certification, the certificates

continue to be valid). Also, the "Cybersecurity and Privacy Protection Steering Committee" has been established in Chunghwa Telecom. An SEVP-level officer is appointed by the Chairman as CISO to convene both "cybersecurity working group" and "personal data and privacy protection working group" periodically, oversee and manage protection of cybersecurity and privacy, and report to the Board regularly. Additionally, a "Cybersecurity department" has been established, which is responsible for regularly reviewing the Company's strategies and cybersecurity policies and regulations. Based on the results of internal and external risk assessments, this department should promote and measure the effectiveness of various protection measures and ensure that the company is on track to meet the "Zero Tolerance" goal for major cybersecurity and privacy incidents.

B. Cybersecurity Protection and Management

To ensure the security of ICT systems and critical infrastructure, the Company applied the NIST Cybersecurity Framework(CSF) and in accordance with domestic and international standards and regulations to establish "Cybersecurity and Privacy Protection Risk Management Framework" for preventing possible risks and implementing effective measures for cybersecurity and privacy protection.

These include the following:

- Implementing the appropriate risk management strategies, introducing security requirements into design phase (security by design), and practicing rigorous cybersecurity protection management. These are conducted while selecting and supervising suppliers in an appropriate manner, to ensure supply chain security and enhance privacy protection.
- Deploying multi-layer, in-depth security protection and detection mechanisms, as well as the Intelligent Security Operation Center(SOC), to uncover malicious behaviors and hunt down possible cyber threats at an early hacking stage. Meanwhile, through threats intelligence gathering and early warning mechanisms, the Company will acknowledge cybersecurity incidents timely and process emergency incident response to have any damage controlled at a very early stage.
- Conducting Red Team Security Assessments and joint cybersecurity defense with national-level C-ISAC, including IOCs and threat intelligences exchanging, malicious website taking down. Moreover, the Company participates in national-level drills of Critical Infrastructure to ensure the effectiveness, safety and resilience of system and data protection.

The Company's risk management committee tracks and manages risk control issues relating to cybersecurity and privacy protection on a monthly basis. When a risk is greater than our risk appetite, or no matter where there is a major crisis, the risk management committee's convener will report to our audit committee, and if necessary, report to our board of directors accordingly. In 2020, there were no incidents of material risks that impacted cybersecurity or privacy protection. Also, cyber insurance packages planned in 2020 are expected to be purchased in 2021.

C. Privacy Protection and Management

Pursuant to the "Privacy Policy" as well as related laws and regulations, the Company collects, processes, uses and protects personal and privacy data of customers within the scope clearly stated in the notification terms, and notifies customers of the scope of such collection and purpose of use in advance. There will be no arbitrary exchange, leasing or disclosure to any third party by any means. In accordance with the relevant laws, regulations and international standards, the Company has established the personal data protection management system, which includes performing new business risk assessment and building a strict and safety data protection system environment to prevent customer's data from being stolen, altered, or illegally used. In addition, the Company provides comprehensive education and training on data privacy protection to all employees.

6.3 Impact of Interest Rates, Foreign Exchange Rates, Inflation, and Mitigating Measures

(1) Impact on Company Profit and Loss

Items	2020 (NT$'000, %)
Interest Income and Expenses, Net	(90,141)
Foreign Exchange Gains / (Loss)	(46,535)
Revenues	207,608,998
Income Before Income Tax	42,830,971
Interest Income and Expenses, Net as % of Revenues	(0.04)%
Interest Income and Expenses, Net as % of Income Before Tax	(0.21)%
Foreign Exchange Gains / (Loss) as % of Revenues	(0.02)%
Foreign Exchange Gains / (Loss) as % of Income Before Tax	(0.11)%

Note: The above table is based on consolidated financial statements.

(2) As of December 31, 2020, the subsidiaries have borrowed a total bank debt of NT$1.67 billion with floating interest rates.

(3) The Company operates its financial plan based on a conservative manner. In an attempt to manage interest risk, the Company's interest-bearing liabilities are on fixed interest rates, with appropriate short-term and long-term debt arrangement. The Company's existing long-term liabilities are measured at amortized cost, and changes in interest rates will not affect cash flows and fair value, mitigating any significant impact on the Company as well. The Company will carefully adjust its financing strategy according to the interest rate fluctuation, in order to effectively control interest rate risks.

(4) In 2020, the Company primarily leveraged forward exchange contracts to reduce its exposure to foreign currency risk.

(5) As Taiwan's M1b annual growth rate continues to rise on a monthly basis, the Company will continue to carefully monitor whether or not the subsequent trend will impact the inflation rate (CPI). The Company estimates that recent inflation should not have a major impact on its profits and losses.

6.4 Investment Policy for High-risk / High-leverage Financial Instruments, Loans, Debt Guarantees and Derivatives; Key Reasons for Related Gains / Losses, and Mitigating Measures

In 2020, the Company did not provide any loans to others. For details of the Company and subsidiary endorsements or guarantees to others, please refer to page 147 of this annual report (Chapter VIII, "8.0 Consolidated Financial Statements and Independent Auditors' Report: Endorsements / Guarantees Provided," Overview Table). The Company is conservative and disciplined towards all derivative financial instruments, and forbids instruments with unlimited risk. The Company has established a decision-making authority hierarchy, key operating terms, and standard operating procedures, to serve as bases for financial instrument transactions.

6.5 Future Research & Development Plan and Projected Budget

In order to prepare for the Company's future business needs and technology readiness, the research and development expenses in 2021 are estimated to be NT$2.8 billion. Key R&D items in 2021 cover technologies and corresponding innovative applications in different areas including 5G Standalone(SA) network, open 5G private network including open radio access network, ultra-high-speed fixed broadband network, software-based network, intelligent operation and management, voice and image AI, digital identity authentication, cyber security, big data analysis and prediction, intelligent IoT, AR/VR and MR, high-fidelity mobile hologram, digital replica and various 5G innovative applications.

6.6 Impact from Domestic and International Material Regulatory Changes and Development, Mitigating Measures

(1) Enforcement of the Telecommunications Management Act

The "Telecommunications Management Act" was promulgated by the President on June 26, 2019. Except for certain articles regarding frequency allocation, the effective date of most of the articles of the "Telecommunications Management Act" was set by the Executive Yuan to be July 1, 2020, and the aforementioned articles regarding frequency allocation also became effective from November 1, 2020. The main topics of the "Telecommunications Management Act" include: the licensing/approval system adopted in the telecommunications industry is replaced by the registration system in order to reduce barriers to enter into the telecommunications market; general enterprises undertake only the minimum necessary obligations, while the enterprises with significance in specific markets announced by the competent authority will be subject to the special obligations of a higher level of control; domestic roaming and frequency transfer, renting, lending, and sharing mechanisms are opened; the support in telecommunications construction given by the Telecommunications Act is scaled down. Within 3 years upon enforcement of the "Telecommunications Management Act", the existing telecommunications enterprises shall register themselves with the NCC for the transition into being governed by the "Telecommunications Management Act". The transition registration filed by the Company was approved by the NCC on September 30, 2020, and the Company has begun to provide services according to the "Telecommunications Management Act" since then.

Impact on the Company: The "Telecommunications Management Act" reduces the barriers to enter into the telecommunications market. At the same time, it opens up domestic roaming as well as the flexible usage of bandwidth frequencies, enabling telecommunications enterprises to share resources. It is expected that the telecommunications market will experience more intensified competition. In addition, compared to the general enterprises on which the restrictions and duties imposed are substantially loosen, the Company, as may be regarded by the competent authority as the enterprise with significance in specific telecommunications service markets, may be required to undertake the special obligations of a higher level of control. Furthermore, the Telecommunications Management Act scales down the support in telecommunications construction under the

Telecommunications Act, which may increase the difficulties in developing telecommunications network construction.

The Company's countermeasures: The Company is accelerating its strategic transformation, diversifying its business for the long-term, and will leverage differentiated and new services to strengthen its competitive advantages in the market.

(2) Announcement of the Adjustment Coefficient for Telecommunications Tariff (X Value) by the NCC

Based on the price cap method, the NCC announced a new round of adjustment coefficient for telecommunications tariff (X Value) on March 5, 2020, effective from April 1, 2020 to March 31, 2024. For the monthly rental fees of xDSL and FTTx (excluding ADSL and the circuits with download speed at and below 12Mbps and the circuits with download speed at and over 300Mbps) applicable to the dominant market providers of local network business and long distance network business, the X value was set to be 2.15%; for the digital line monthly rental fees, private peering fees and the fees of other wholesale services, the X value was set to be ΔCPI, which means that price increase for those tariffs is prohibited.

Impact on the Company: The consecutive decrease in some of the fixed line tariffs causes impact on the revenue of the Company.

The Company's countermeasures: The Company is dedicated in promoting up-to-date value-added services and seizing commercial opportunities in the market to moderate the impact on the revenue of the Company.

(3) Promulgation of the Upper Limit on Access Charge for Mobile Broadband Operators by the NCC

On December 14, 2020, the NCC enacted the "Upper Limit on Access Charge for Mobile Broadband Operators", announcing that the upper limit on mobile access charge shall decrease year by year during January 1, 2021 to June 30, 2023, from NTD 0.571 per minute in 2020 to NTD 0.525 per minute, NTD 0.482 per minute, and NTD 0.443 per minute respectively.

Impact on the Company: The decrease of the upper limit on mobile access charge during 2021 to 2023 will reduce not only the revenue but also the expenses of the Company, and may cause impact on the service price within the mobile market.

The Company's countermeasures: The Company will comply with relevant laws and regulations, keep eye on the market trends, and timely launch various service packages.

(4) Publication of the Draft of the "Regulations Governing Internet Audiovisual Services" by the NCC

On July 22, 2020, the draft of the "Regulations Governing Internet Audiovisual Services" was publicized by the NCC for soliciting opinions from the public. The main provisions of the drafted Regulations include: the scope of applicable objects and required registration; disclosure of material information; prohibition against improper content; self-disciplinary requirements; and the counseling and encouragement measures. To prevent the Internet audiovisual service (hereinafter referred to as the "OTT service") providers of the Mainland China from providing services in Taiwan without obtaining approval according to the "Act Governing Relations between the People of the Taiwan Area and the Mainland Area", the drafted Regulations prohibit the telecommunications enterprises or relevant Internet service providers from providing any equipment or service to the aforementioned OTT service providers or their agents, and ask the telecommunications enterprises or relevant Internet service providers to take necessary actions in accordance with the notice of the competent authority.

Impact on the Company: As a telecommunications enterprise, the Company may need to take necessary actions in cooperation with the competent authority.

The Company's countermeasures: If the draft is approved in its current form by the Legislative Yuan, the Company will comply with the Regulations.

6.7 Impacts from the Evolution of Technology and Industry Development, and Mitigating Measures

New technology and new applications will bring both challenges and opportunities to the industry. With continued investments in R&D, the Company is able to grasp emerging technology trends, using them as a base to further develop new services, increase revenue sources, and maximize shareholder value.

(1) Fiber Access and Transmission Network Technology

Due to market demand for video and smart home services, cable operator competition for 1Gbps broadband, and compliance with the government's DIGI+ initiative objective of "90% 1Gbps coverage by 2020 and 90% 2Gbps coverage by 2025", the Company continued to expand its business by increasing broadband speeds, actively constructing fiber in more areas, and expanding coverage. The Company also introduced new technology such as XGS-PON in order to provide customers with ultra-high-speed broadband internet access services, solidifying its competitive advantage in broadband, and creating additional high-speed broadband service revenues and profits. At the same time, to meet increasing traffic demand from

broadband customers, the Optical Transport Network (OTN) has been increased from 100Gbps per wavelength to 200Gbps per wavelength, with future upgrades planned to provide more than 400Gbps per wavelength. In addition, the Company is launching residential Wi-Fi that is incorporated with fixed and mobile networks for home networking, and integrated with digital convergence services and product bundles, such as MOD, Hami Video, KKBOX, and smart speaker (i-Bobby). This will help differentiate the broadband internet access products and create more broadband value-added service revenues and profits.
In addition, in response to the evolution of international submarine cable transmission systems towards a higher wavelength standard, the company has also continued to invest in new large-bandwidth international submarine cables (such as SJC2). In the future, it will provide better circuit cost advantages to support international business opportunities.

(2) SDN/NFV Network Technology

Network technology is evolving towards open architecture, programmability, and virtualization, of which Software-Defined Networking (SDN) and Network Function Virtualization (NFV) technology have become the development focus for telecommunication service providers around the world.
The Company has successfully completed its research and development of ICT Infra services and established comprehensive SDN management and control, Software Defined Data Center (SDDC), MANagement and Organization (MANO), Orchestrator, and other cloud network compatible technologies. Also, the Company will introduce 5G mobile networks, fixed communication networks, and data networks to SDN and cloud-network compatible structure accordingly.
In December 2020, the company cooperated with VMware to jointly expand the software-defined wide area network (SD-WAN) market and promote intelligent services for global enterprise cloud servers, making the network environment for multinational enterprises more secure and flexible.

(3) Next Generation Wireless Technology

With the rapid advancement of wireless technology, the Company has made long-term commitments to the R&D of advanced technology, including participation in domestic and international 4G/5G organizations for standard formulation and R&D, including 3GPP and NGMN, in order to understand the development of next generation mobile communications technology. At the same time, the Company continues to lead in promoting 4G LTE and 5G NR technology and evolution, including the first global LTE-WLAN Aggregation (LWA) 4G+Wi-Fi surfing service, Voice over LTE (VoLTE) high-definition voice service, exclusive 5 Carrier Aggregation (5CA) technology, and self-developed IoT platform for the promotion of NB-IoT and CatM1 IoT services. For 5G network construction, the Company has exclusively imported advanced Centralized Radio Access Network (C-RAN) architecture and studied further the evolution of the future Open Radio Access Network (O-RAN) architecture. Furthermore, the Company has begun to invest in 6G related technology research and development, such as that of low-orbit satellites.

The international standard organization 3GPP completed the first phase and final stages of implanting 5G standards in June 2019 and July 2020, respectively. The Company continued its 5G development momentum, and in January 2018 established the "Taiwan 5G Industry Development Alliance - Chunghwa Telecom Pilot Team," uniting nearly 70 domestic and international industry, government, academic, and research organizations and industry alliances, building an end-to-end 5G industrial chain for testing new applications. In 2020 the Company achieved the goal of 5G commercialization and accelerated the launch of 5G services and development, maintaining its leadership in the promotion of telecommunication services in Taiwan.

On February 21, 2020, the NCC completed its first wave of 5G auctions, releasing the 3.5GHz, 270MHz, and 28GHz frequencies for bandwidths of 1,600MHz. The Company secured the broadest bandwidth in the 3.5GHz and 28GHz frequencies, launched 5G network construction, and launched 5G services on June 30, 2020. This has helped to consolidate the Company's market position, enhance the user experience, innovate applications and services, and link industry verticals, establishing long-term advantages in mobile broadband services and development.

(4) IPTV/OTT Media Services Technology

Due to the rise of OTT and connected TV, the MOD/OTT service platform is providing consumers with more user-friendly UX/UI and new functions. The platform uses big data analysis to accurately recommend films to users and integrate multi-screen devices for smart home video and audio applications, providing ubiquitous viewing experiences and comprehensive, synergistic services. At the same time, the MOD/OTT service platform will provide high-quality digital content and ultra-high-definition (4K) on-demand video, live video, and interactive video services. It will develop innovative services and new business opportunities by partnering with domestic film and software providers and conducting R&D.

MOD application services are trending toward TV app expansion and will integrate internet technology advantages, such as on-demand OTT network video and audio, live concerts, social network sharing, cloud gaming, augmented reality applications, video recommendations, and advertising. Meanwhile, to further

develop MOD application services, the Company will integrate multi-screen equipment (such as tablet computers, smart phones, OTT box, smart glasses, etc.) to provide multi-screen mobile-application users with new experiences. Additionally, MOD application services will be incorporated with smart speakers to launch health management and care, smart voice control, house automation, and other services, in order to fulfill future smart home living and entertainment demands.

(5) AR/VR Technology

As fixed-line broadband service with speed over 100 Mbps and mobile 4G/5G services have become increasingly popular, internet access services have been able to provide sufficient bandwidth for the delivery of more immersive streaming content. AR/VR content services have become online services, providing an immersive audio-visual entertainment experience at home and in other places. In terms of VR applications, the Hami VR audio-visual entertainment system launched in 2020 allows fans to easily experience the virtual idol performances with their own eyes. In the future, immersive content services such as online VR movies and VR games are also expected to be developed.

In terms of AR application services, the year 2020 was characterized by alliances with content providers to launch "AI Smart Coach" services. Under such services, both the coach's and user's images are displayed at the same time, using AI technology to measure the accuracy of body movements and adjust them while exercising. Online coaches are now personal trainers for the home. In terms of enterprise applications, AR remote collaboration has been introduced in factories and maintenance fieldwork to improve efficiency. In the field of educational and cultural exhibitions, it has been used to promote AR learning environments and AR smart guide services.

(6) Cloud Computing Technology

The cloud business, which is used by over 3,000 enterprise clients and individual users, continued to promote the three major international public cloud platforms AWS/Azure/GCP in 2020. In addition, the Company is exploring business opportunities in emerging markets through the bundling of products and solutions. In 2020, the Company won the Frost & Sullivan annual "Best Cloud Service Infrastructure Award in Taiwan" for the first time, and with the VMware Cloud Verify certification, the Company's service quality has been recognized internationally. In terms of corporate and government market promotions, with the cooperation of hicloud and the three major public cloud companies, the Company assisted government organizations, schools, telecommunication industries and small and mid-sized enterprises to quickly migrate to the cloud in 2020. In 2021, the Company intends to focus on AI PaaS (Platform as a Service) smart analysis and multi-cloud platform integration, actively assist enterprise clients with their digital transformation and will also build its own private cloud through the SDDC service to meet data access demand.

The Company participated in the Ministry of Commerce Industry Commission's 2020 preferred supplier of cloud services survey. The Company ranked at the top of the "Cloud Virtual Resource" category for six consecutive years, and has become the first choice for government procurement. In addition, the Company obtained the AWS MSP qualification in December 2020. In January 2021, the Company also became the first telecommunications company in Greater China to obtain the acclaimed 'Azure Expert Managed Services Provider' Award as a result of its cloud, AI and consulting services enhancements, which can further expand future revenue opportunities.

(7) Internet of Things, IoT Technology

The Company has been focused on IoT development for over 10 years. In addition to the independent development of its AIoT platform with key technologies such as cloud, information security, big data, AI, AR, and other key technologies, the Company has also introduced cross-sector industry & academic partnerships and applications. The Company is actively involved in developing the respective ecosystems for smart homes/buildings, smart energy, smart transportation, smart cities, smart healthcare, in order to create a new digital era.

At the current stage, the Company is ready to provide comprehensive IoT services that can fulfill customer demand and provide NB-IoT, Cat-M1, and fixed-network broadband transmission services, in order to fulfill various industry demands. In addition, the Company holds the AIoT Hackathons contest and the innovation applications contest every year to promote the CHT AIoT platform. Up until now, the CHT AIoT platform has been able to accumulate more than 6,600 customers and manage over 600,000 devices across smart transportation, smart tourism, smart agriculture, smart security, smart environment, smart buildings, and smart homes.

(8) Artificial Intelligence, AI Technology

Artificial intelligence services and products are more intelligent and humane. In response to this technological and industry change, the Company has invested in the deployment of artificial intelligence, focusing on smart customer service, smart maintenance, smart security, semantic AI cloud, and other application areas. The Company has launched a customer service chatbot and semantic AI cloud service, combining

them with telecom mobile signals, cloud image big data, and IoT technology to provide travel time estimation, traffic flow analysis, smart city, and other innovative applications and services. This will increase revenues from emerging businesses.

(9) Big Data

The Company has integrated internal telecom data, external public opinion data, and public government information to build a complete data lake; meanwhile, the Company has provided accurate construction information for mobile base stations through the analysis of big data in network construction. In this regard, the quality and speed of Chunghwa Telecom's services are ahead of those of other competitors. With the power of big data analysis, the Company is able to assist customers to deal with different customer groups, engage in the precision marketing of new products, direct service towards customers on the fence to improve retention rates, and increase the value of loyal customers, driving business growth. In addition, through big data analysis, the Company can establish omni-channel recommending systems for retailing, networking, and customer service, personalizing auto recommendation services to improve channel sales performance.

6.8 Impact of Corporate Image Changes on Crisis Management, Mitigating Measures

(1) The company enhances its high-quality corporate image continuously.

(2) The Company maintains its dedication to providing foundational infrastructure and industry services, complying with government regulations, strengthening corporate governance, and has established in stakeholder minds a reputation of high quality, reliability, and trust, and in 2020 received multiple domestic and international awards and recognition in areas including trust, service, innovation, and CSR.
https://www.cht.com.tw/zh-tw/home/cht/about-cht/award-and-recognition/award

6.9 Expected Benefits and Risks from Mergers, Mitigating Measures

(1) Expected Benefits

The Company plans to focus on strategic investments that are complementary to its business and strategic goals, in order to expand its business scope, increase sustainable growth and profitability.

(2) Potential Risks

The Company may not realize the benefits from its investments, due to lack of information or inaccurate information, thus adversely affect its business and financial performance.

(3) Mitigating Measures

A. Prevent lack of information or inaccurate information for investment evaluation

- Establish detailed evaluation SOP, with necessary reviews and revisions depending on the actual outcome.
- For investment due diligence and valuation, the Company may engage professional legal counsel, certified public accountant, and investment bankers in order to enhance the overall evaluation process.

B. Minimize investment related material under-performance

- Assist investment subsidiaries in establishing risk management system, conduct periodic analysis of the subsidiaries' operational performance and risk factors, in order to better manage the subsidiaries' achievements.
- Conduct periodic review of the investment subsidiaries' actual performances against the original projection in order to better supervise and formulate possible contingency plans.
- Establish acceptable business coordination practices between the Company and its affiliates, in order to maximize group synergies and improve the performances of investment subsidiaries.

6.10 Expected Benefits and Risks from Plant Facility Expansion, Mitigating Measures

Not applicable as the Company is not a manufacturer.

6.11 Concentration Risks from Supplying and Sourcing, Mitigating Measures

For consumers who purchase terminal devices such as mobile handsets, tablets, etc., and if the pricing or other factors of these devices do not fulfill consumer expectations, then the Company may incur inventory risks. The mitigating measures are as follows:

(1) The Company procures terminal devices according to the contracts and actual orders that are placed in batches depending on pricing, sales status, and inventory level. Any unpaid balance is considered a cancellation with automatic contract termination, thus effectively controlling Customer Premise Equipment (CPE) inventory.

(2) Inventory management: consistently track product sales and inventory turnover, with periodic reporting of sourcing/sales/inventory status.

(3) Pricing adjustment: effective pricing controls are established based on sales management policy, current market demand, supply status, as well as the competitive situation.

(4) Form business alliances to increase effective sales channels and promotions: collaborate with vendors in other industries in order to increase revenue streams.

6.12 Impacts and Risks from Significant Changes in Shareholdings of Directors and Major Shareholders Holding More Than 10% of Shares Outstanding, and Mitigating Measures

None.

6.13 Impacts and Risks from Changes in Management Control, Mitigating Measures

None.

6.14 Significant Lawsuits and Material Non-Litigious Matters

None.

6.15 Other Major Risks and Mitigating Measures

In 2020, Taiwan experienced the Typhoon Mekkhala and Typhoon Atsani. During these disasters, the Company formed emergency response teams to direct manpower and resources towards proactively enacting disaster emergency repair and support, and to ensure the speedy recovery of normal telecommunications services for customers.
The impacts of natural disasters such as earthquakes, typhoons, and tropical storms on network operations, and its countermeasures, include:

(1) Potential Risks

Taiwan is located in a region that is susceptible to natural disasters, and various telecommunications infrastructure could easily suffer damage. Once a disaster area's communications suffer large scale damage, then customers could be disconnected from communications and disaster alerts, and even become isolated from communications, severely impacting disaster relief, lives, property, security, and the Company's operations.

(2) Mitigating Measures

A. "Disaster Emergency Response and Management Plan"
The Company has completed a "Natural Disaster Emergency Response and Repair Plan" in order to enable measures such as a disaster prevention organization, disaster relief resource preparation and dispatching, and emergency management and repair processes, with roles and responsibilities established accordingly, to serve as the basis of emergency management and repair activity for all units within the Company and to quickly restore basic communications services in disaster areas, provide connections to emergency support, and minimize communications services disruption time.

B. Fixed Communication
In order to prevent disaster losses from spreading, the Company has enacted measures such as strengthening multi-routing repeater transmission for remote regions, wireless routing backups, increasing power backup capacity, and international and domestic submarine cable system backups, in order to promote the level of overall disaster prevention and defense capabilities. In addition, annual drills are conducted on network and equipment dispatch and repairs in order to increase familiarity with disaster preparedness and relief, and lower losses caused by disasters.

C. Mobile Communication
If a natural disaster causes mobile communication disruptions, the Company has prepared microwave and satellite systems (that can be carried by individuals or transported by helicopters) to provide transmissions or be used with heavy-duty off-road vehicles as base stations, and are able to, depending on the severity of the disasters, serve as mobile base stations to establish communications with the outside world within a short period of time. In addition, there are targeted measures for important one-way traffic arteries, such as the Suhua, Nanhui, and Alishan highways, such as strengthening base station construction in those areas, duplicate radio wave coverage, and periodic disaster prevention drills, in order to ensure mobile communication network operation and increase natural disaster defense resilience.

The Company's "Emergency Response SMS System" service can distribute emergency alerts to designated areas, proactively informing residents to avoid or to prepare to evacuate out of disaster areas to promote safety of people and property. The system has received high ratings from the public and has been adopted by the Directorate General of Highways for the Suhua Highway. Furthermore, it has been used by various government entities (such as city governments, the Water Department, Taiwan Power, and the Fire Department) for disaster relief drills, demonstrating its high quality, and received recognition from the government and the public.

D. Data Communication
The Company's HiNet network employs multiple routers and highly reliable backup networks, with real-time surveillance to manage router traffic flow. In international routing, multiple distributed submarine routers are employed in order to avoid obstructions and bottle necks arising from single-point failures.
At the same time, the Company collaborates closely with international providers in order to improve direct

international connection bandwidth and increase international internet communications quality.

7. Others

None.

7 Special Disclosures

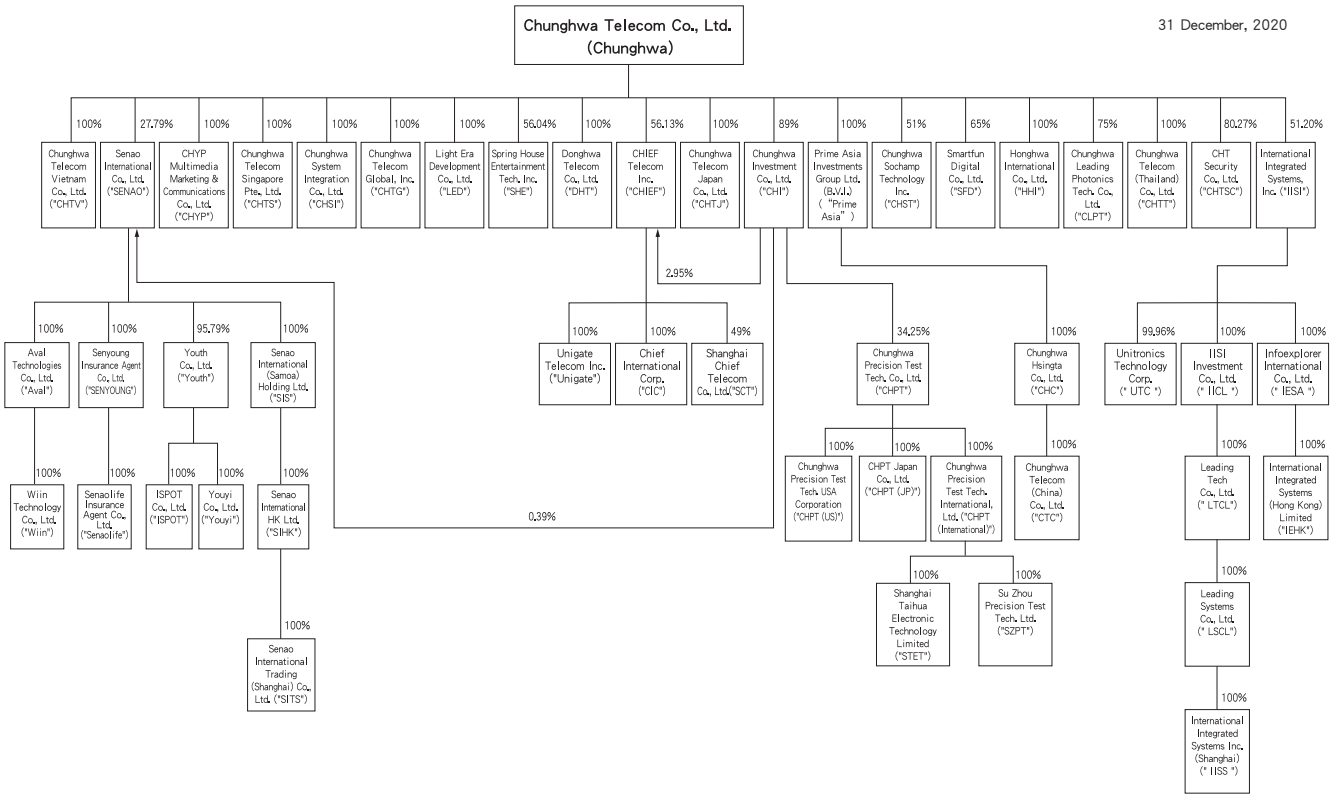
1. Affiliated Companies in 2020
2. Private Placement Securities in the most recent year and up to the Publication Date of this Annual Report
3. The Company's Shares Held or Disposed by Subsidiaries in the most recent year and up to the Publication Date of this Annual Report
4. Material Impact, pursuant to Article 36-3-2 of the Securities and Exchange Act, on Shareholders' Equity or Share Price in the most recent year and up to the Publication Date of this Annual Report
5. Other Supplementary Information

Special Disclosures

1. Affiliated Companies in 2020

1.1 Consolidated Operation Report of the Company and Affiliates

(1) Organization Structure



(2) Affiliates Profiles

As of December 31, 2020

Affiliate Name	Date of Incorporation	Address	Paid-in Capital	Primary Business Operation
Prime Asia Investments Group Ltd. (B.V.I.) ("Prime Asia") (Note1)	01/13/2006	Tortola, British Virgin Islands	USD12,996,000	Investment
Chunghwa Hsingta Co., Ltd. ("CHC") (Note1)	12/08/2010	Room 2702-03, CC WuBuilding, 302-8 Hennessy Road, Wanchai, Hong Kong	USD12,663,000	Investment
Chunghwa Telecom (China) Co., Ltd. ("CTC") (Note 1)	03/28/2011	Room 1009B, Longemont building, No. 1118, Yan'an West Road, Changning, Shanghai, China	RMB39,376,000	Integrated information and communication solution services for enterprise clients, and intelligent energy network service
CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	01/18/2007	9F., No. 89-1, Sec. 4, Xinyi Rd., Da'an Dist., Taipei 106, Taiwan (R.O.C.)	NT$150,000,000	Digital information supply services and advertisement services
Donghwa Telecom Co., Ltd. ("DHT")	08/18/2004	Unit A, 7/F., Tower A, Billion Centre, No. 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong	HKD402,590,000	International private leased circuit, IP VPN service, and IP transit services
Chunghwa Telecom Global, Inc. ("CHTG")	03/14/2002	2107 N. 1st St. Ste. 580, San Jose, CA 95131, USA	USD6,000,000	International private leased circuit, internet services, and transit services

Affiliate Name	Date of Incorporation	Address	Paid-in Capital	Primary Business Operation
Chunghwa System Integration Co., Ltd. ("CHSI")	05/15/2002	No. 2-1, Aly. 8, Ln. 85, Sec.3, Muzha Rd., Wenshan Dist., Taipei City 116, Taiwan (R.O.C.)	NT$600,000,000	Providing system integration services and telecommunications equipment
Light Era Development Co., Ltd. ("LED")	02/12/2008	1F., No. 89-1, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	NT$3,000,000,000	Planning and development of real estate and intelligent buildings, and property management
Chunghwa Telecom Singapore Pte., Ltd. ("CHTS")	07/09/2008	331 North Bridge Road, #03-05, Odeon Towers Singapore 188720	SGD26,383,000	International private leased circuit, IP VPN service, and IP transit services
Chunghwa Telecom Japan Co., Ltd. ("CHTJ")	09/22/2008	Level 5, Asagawa Building 2-1-17 Shiba Daimon,Minato-Ku, Tokyo 105-0012 Japan	JPY50,000,000	International private leased circuit, IP VPN service, and IP transit services
Chunghwa Telecom Vietnam Co., Ltd. ("CHTV")	05/31/2011	Room 703, 7th Floor, 3D VN, Duy Tan St., Dich Vong Hau Ward, Cau Giay Dist., Ha Noi, Vietnam 123000	VND 104,137,000,000	Intelligent energy network saving solutions, international circuit, and ICT services
Honghwa International Co., Ltd. ("HHI")	01/28/2013	8F., No.88, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	NT$180,000,000	Telecommunications engineering, sales agent of mobile phone plan, application and other business services
Chunghwa Telecom (Thailand) Co., Ltd. ("CHTT")	03/03/2017	65/131 16th Floor Chamnan Phenjati Business Centre, Rama 9 Rd., Huay Kwang Dist., Bangkok 10310 Thailand	THB 130,000,000	International private leased circuit, IP VPN service, ICT and cloud VAS services
Chunghwa Investment Co., Ltd. ("CHI")	05/03/2002	6F., No. 88, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	NT$765,000,000	Investment
Chunghwa Precision Test Tech. Co., Ltd. ("CHPT")	08/26/2005	No. 15, Gongye 3rd Rd., Pingzhen Dist., Taoyuan City 324, Taiwan (R.O.C.)	NT$327,890,220	Production and sale of semiconductor testing components and printed circuit board
Chunghwa Precision Test Tech. USA Corporation ("CHPT (US)")	07/27/2010	3120 De La Cruz Blvd., Suite 110, Santa Clara, CA, 95054, U.S.A	USD4,000	Design and after-sale services of semiconductor testing components and printed circuit board
CHPT Japan Co., Ltd. ("CHPT (JP)")	01/15/2013	Asakawa Building 5th Floor, 2-1-17 Shiba Daimon, Minato-Ku, Tokyo, Japan	JPY6,000,000	Related services of electronic parts, machinery processed products and printed circuit board
Chunghwa Precision Test Tech. International, Ltd. ("CHPT (International)")	07/31/2013	Nova Sage Chambers, PO Box 3018, Level 2, CCCS Building, Beach Road, Apia, SAMOA	USD3,700,000	Wholesale and retail of electronic materials, and Investment
Shanghai Taihua Electronic Technology Ltd. ("STET")	11/25/2013	16 th Building ,Unit 802B No. 1000, JinHai Road., Pudong New District, Shanghai China	USD1,600,000	Design of printed circuit board and related consultation service
Su Zhou Precision Test Tech. Ltd. ("SZPT")	07/03/2019	Building A12, No. 200, Xingpu Road, Shengpu Town, Yuanqu, Wuzhong District, Suzhou City, Jiangsu China	USD2,000,000	Assembly, process and sale circuit board, design of printed circuit board and related consultation service
CHT Security Co., Ltd. ("CHTSC")	12/14/2017	8F., No. 88, Sec. 4, Xinyi Rd., Da'an Dist.,Taipei 106, Taiwan (R.O.C.)	NT$299,000,000	Computing equipment installation, wholesale of computing and business machinery equipment and software, management consulting services, data processing services, digital information supply services and internet identify services
Chunghwa Leading Photonics Tech. Co., Ltd. ("CLPT")	07/28/2016	No. 6, Ziqiang 7th Rd., Zhongyi Vil., Zhongli Dist., Taoyuan City 32063, Taiwan (R.O.C.)	NT$94,000,000	Production and sale of electronic components and finished products
CHIEF Telecom Inc. ("CHIEF")	01/19/1991	No. 250, Yangguang St., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	NT$702,458,810	IDC, Data, Voice and Cloud
Chief International Corp. ("CIC")	05/27/2008	Gound Floor NPF Building, Beach Road, Apia, Samoa	USD200,000	Telecommunications and Internet service

Affiliate Name	Date of Incorporation	Address	Paid-in Capital	Primary Business Operation
Unigate Telecom Inc. ("Unigate")	07/03/1999	No. 250, Yangguang St., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	NT$2,000,000	Telecommunications and Internet service
Shanghai Chief Telecom Co., Ltd. ("SCT")	01/30/2015	Room B09,6F., No. 55,Jilong Road, Free Trade Pilot Area, Shanghai, China	RMB2,000,000	Telecommunications and Internet service
Smartfun Digital Co., Ltd. ("SFD")	08/31/2011	8F., No. 88, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	NT$100,000,000	Providing diversified family education digital services
Spring House Entertainment Tech. Inc. ("SHE")	02/02/2000	10F., No. 106, Zhouzi St., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	NT$147,236,210	Software design services, internet contents production and play, and motion picture production and distribution
Chunghwa Sochamp Technology Inc. ("CHST")	07/01/2011	Room 3B-38, 3F., No. 5, Sec.5, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)	NT$40,000,000	Design, development and production of Automatic License Plate Recognition software and hardware
Senao International Co., Ltd. ("SENAO")	05/18/1979	2F., No. 531, Zhongzheng Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	NT$2,582,527,000	Handset and peripherals retailer; sales of CHT mobile phone plans as an agent
Senao International (Samoa) Holding Ltd. ("SIS")	12/15/2009	P.O.Box 217, Apia, Samoa	USD74,975,000	International investment
Senao International HK Ltd. ("SIHK")	12/28/2009	Suite 2701-08, 27/F., Shui On Centre, Nos. 6-8 Harbour Road, Wanchai, Hong Kong	USD74,840,000	International investment
Senao International Trading (Shanghai) Co., Ltd. ("SITS")(Note 2)	01/12/2011	Room 401, Building 14, No. 470, Guiping Road, Xuhui Dist., Shanghai City, China	USD32,000,000	Sale of information and communication technologies products
Youth Co., Ltd. ("Youth")	10/04/1996	No.13, Sec. 1, Bade Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	NT$154,000,000	Sale of information and communication technologies products
ISPOT Co., Ltd. ("ISPOT")	09/05/2012	No. 13, Sec. 1, Bade Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	NT$10,727,000	Sale of information and communication technologies products
Youyi Co., Ltd. ("Youyi")	06/12/2012	2F., No. 13, Sec. 1, Bade Rd.,Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	NT$21,354,000	Maintenance of information and communication technologies products
Aval Technologies Co., Ltd. ("Aval")	10/05/2015	6F., No. 533, Zhongzheng Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	NT$100,600,000	Sale of information and communication technologies products
WIIN Technologies Co.,Ltd. ("Wiin")	09/12/2019	6F., No. 533, Zhongzheng Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	NT$29,550,000	Sale of information and communication technologies products
Senyoung Insurance Agent Co., Ltd. ("SENYOUNG")	11/22/2017	2F., No. 531, Zhongzheng Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	NT$59,000,000	Property and liability insurance agency
Senaolife Insurance Agent Co., Ltd. ("Senaolife ")	11/29/2019	2F., No. 531, Zhongzheng Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	NT$29,500,000	Life insurance agency
International Integrated Systems, Inc. ("IISI")	04/10/2008	6F., No.7, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City 220, Taiwan (R.O.C.)	NT$726,745,210	IT solution provider, IT application consultation, system integration and package solution
Infoexplorer International Co., Ltd. ("IESA")	01/25/2010	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	USD795,000	Investment
IISI Investment Co., Ltd. ("IICL") (Note3)	05/17/2001	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	USD2,440,000	Investment

Affiliate Name	Date of Incorporation	Address	Paid-in Capital	Primary Business Operation
Unitronics Technology Corporation ("UTC")	12/06/1990	3F, No. 133, Sec. 4, Minsheng E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	NT$50,670,440	Development and maintenance of information system
International Integrated Systems (Hong Kong) Limited ("IEHK") (Note3)	02/10/2010	Suites 2302-6, 23/F Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	USD780,000	Investment and engaging in technical consulting service
Leading Tech Co., Ltd. ("LTCL") (Note3)	06/05/2001	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	USD3,160,000	Investment
Leading Systems Co., Ltd. ("LSCL") (Note3)	07/18/2001	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	USD3,000,000	Investment
International Integrated Systems (SH) Ltd. ("IISS") (Note3)	09/24/2001	NO. 1618, Yishan Road, Minhang District, Shanghai, China	USD1,500,000	Development and maintenance of information system
Huiyu SH Management Consultancy Co., Ltd. ("HSMC") (Note3)	07/05/2016	2 Room 2105 at 1164 Road outside Huangpu District, Shanghai, China	RMB3,000,000	Development and maintenance of information system

Note 1: In August 2020, CTC, CHC and Prime Asia were given the approval to terminate and dissolve their businesses in sequence; the liquidation processes have been initiated.
Note 2: SITS was approved to terminate and dissolve its business in December 2020; liquidation of SITS is still in progress.
Note 3: In September 2020, IISI's board of directors resolved that HSMC, IEHK, IISS, LSCL, LTCL, and IICL should terminate and dissolve their businesses in sequence; the respective liquidation processes have been initiated. Among these companies, HSMC completed its liquidation in December 2020.

(3) Companies presumed to have a Relationship of Control and Subordination with Chunghwa Telecom

None.

(4) Industries covered by Affiliates' Business Operation

Industries covered by the Company's affiliates are primarily telecommunication related services, including advanced technology, production, marketing and enhanced services, in order to enable Chunghwa Telecom to continue creating synergies, to innovate and to provide the best offerings for its clients and consumers, as well as to ensure its leading market position.

(5) Affiliates' Directors, Supervisors and Executives Names and Shareholdings

As of December 31, 2020

Affiliate Name	Title	Name or Representative	Shareholding #	Shareholding%
Prime Asia Investments Group Ltd. (B.V.I.) ("Prime Asia") (Note1)	Director	Representative of Chunghwa Telecom Co., Ltd.: Yuan- Kai Chen	1,301	100%
Chunghwa Hsingta Co., Ltd. ("CHC") (Note1)	Director	Representative of Prime Asia Investments Group Ltd.: Yuan- Kai Chen	1,266	100%
Chunghwa Telecom (China) Co., Ltd. ("CTC")(Note 1)	Chairman	Representative of Chunghwa Hsingta Co., Ltd.: Hsu-Hui Ho	-	100%
	Director	Representative of Chunghwa Hsingta Co., Ltd.: Chih-Cheng Chien	-	100%
	Director	Representative of Chunghwa Hsingta Co., Ltd.: Kuan-Chun Hsieh	-	100%
	Director	Representative of Chunghwa Hsingta Co., Ltd.: Ting-Ming Lin	-	100%
	Director / General Manager	Representative of Chunghwa Hsingta Co., Ltd.: Jian Teng	-	100%
	Supervisor	Representative of Chunghwa Hsingta Co., Ltd.: Wei-Ting Chen	-	100%

Affiliate Name	Title	Name or Representative	Shareholding #	Shareholding%
CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Shih-Chung Chang	15,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Quen-Zong Wu	15,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Yih-Chyau Kuo	15,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Chien-Chih Chen	15,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Yen-Hsiang Hun	15,000,000	100%
	Supervisor	Representative of Chunghwa Telecom Co., Ltd.: Yuan-Kai Chen	15,000,000	100%
	General Manager	Cheng-Hsien Han	-	-
Donghwa Telecom Co., Ltd. ("DHT")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Ming-Shih Chen	402,590,005	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Ying-Ming Wu	402,590,005	100%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Hsuan-Lung Liu	402,590,005	100%
Chunghwa Telecom Global, Inc. ("CHTG")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Hsueh-Lan Wu	6,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Jung-Kuei Chen	6,000,000	100%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Phoebe Wang	6,000,000	100%
Chunghwa System Integration Co., Ltd. ("CHSI")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Ming-Te Wu	60,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Jeu-Yih Jeng	60,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Chih-Cheng Lo	60,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Yuan-Kai Chen	60,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Chi-Hsien Huang	60,000,000	100%
	Supervisor	Representative of Chunghwa Telecom Co., Ltd.: Mei-Ling Yeh	60,000,000	100%
	General Manager	Chung-Lin Yu	-	-
Light Era Development Co., Ltd. ("LED")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Chau-Young Lin	300,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Wei-Kuo Hong	300,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Hsu-Hui Ho	300,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Edward Chou	300,000,000	100%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Jiunn-Der Lee	300,000,000	100%
	Supervisor	Representative of Chunghwa Telecom Co., Ltd.: Kuo-Chiang Chung	300,000,000	100%

Affiliate Name	Title	Name or Representative	Shareholding #	Shareholding%
Chunghwa Telecom Singapore Pte., Ltd. ("CHTS")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Chih-Cheng Chien	26,382,976	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Chung-Tair Chow	26,382,976	100%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Hsuan-Lung Liu	26,382,976	100%
Chunghwa Telecom Japan Co., Ltd. ("CHTJ")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Yuan-Kuang Tu	1,000	100%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Escudo Pai	1,000	100%
Chunghwa Telecom Vietnam Co., Ltd. ("CHTV")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Hsueh-Lan Wu	-	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Ming Jhong	-	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Hsuan-Lung Liu	-	100%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Wen-Jang Yang	-	100%
	Supervisor	Representative of Chunghwa Telecom Co., Ltd.: Kuo-Chiang Chung	-	100%
Honghwa International Co., Ltd. ("HHI")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Tian-Tsair Su	18,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Chung - Yung Kang	18,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Yi-Fong Chang	18,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Jung-Yi Chen	18,000,000	100%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Hui-Pao Huang	18,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Yuan-Kuang Tu	18,000,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Ruey-Shu Chiu	18,000,000	100%
	Supervisor	Representative of Chunghwa Telecom Co., Ltd.: Chi-Hsien Huang	18,000,000	100%
Chunghwa Telecom (Thailand) Co., Ltd. ("CHTT")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Hsueh-Lan Wu Ying-Ming Wu	1,300,000	100%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Ying-Ming Wu	1,300,000	100%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Wen-Jang Yang	1,300,000	100%
Chunghwa Investment Co., Ltd. ("CHI")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Ruey-Tsang Lee	68,085,000	89%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Hsu-Hui Ho	68,085,000	89%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Rong-Syh Lin	68,085,000	89%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Yuan-Kai Chen	68,085,000	89%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Yen-Chih Ting	68,085,000	89%
	Supervisor	Li-Chia Kuo	-	-

Affiliate Name	Title	Name or Representative	Shareholding #	Shareholding%
Chunghwa Precision Test Tech. Co., Ltd. ("CHPT")	Chairman	Representative of Chunghwa Investment Co., Ltd.: Kuo-Feng Lin	11,229,884	34%
	Director	Representative of Chunghwa Investment Co., Ltd.: Jhao-Yang Lin	11,229,884	34%
	Director	Representative of MediaTek Capital Corp.: Huan-Jhen Chen	351,000	1%
	Director / General Manager	Scott Huang	861,594	3%
	Independent Director	Chung-Fern Wu	-	-
	Independent Director	Wen-Nan Tsan	-	-
	Independent Director	Kenneth H. C. Chiu	-	-
Chunghwa Precision Test Tech. USA Corporation ("CHPT (US)")	Chairman	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Eric Chien	400,000	100%
	Director	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Daphne Hsu	400,000	100%
	Director	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Scott Huang	400,000	100%
	General Manager	Brian Chang	-	-
CHPT Japan Co., Ltd. ("CHPT JP")	Director	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Haku Cheng	600	100%
	Director	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Scott Huang	600	100%
Chunghwa Precision Test Tech. International, Ltd. ("CHPT International")	Chairman	Representative of Chunghwa Precision Test Tech. Co., Ltd.: Scott Huang	3,700,000	100%
Shanghai Taihua Electronic Technology Ltd. ("STET")	Director	Representative of Chunghwa Precision Test Tech. International, Ltd.: Scott Huang	-	100%
	Supervisor	Representative of Chunghwa Precision Test Tech. International, Ltd.: Daphne Hsu	-	100%
Su Zhou Precision Test Tech. Ltd. ("SZPT")	Chairman / General Manager	Representative of Chunghwa Precision Test Tech. International, Ltd.: Scott Huang	-	100%
	Director	Representative of Chunghwa Precision Test Tech. International, Ltd.: Eric Chien	-	100%
	Director	Representative of Chunghwa Precision Test Tech. International, Ltd.: Strong Hsueh	-	100%
	Supervisor	Representative of Chunghwa Precision Test Tech. International, Ltd.: Daphne Hsu	-	100%
CHT Security Co., Ltd. ("CHTSC")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Ming-Shih Chen	24,000,000	80%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Hong-Chan Ma	24,000,000	80%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Chau-Young Lin	24,000,000	80%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Li-Show Wu	24,000,000	80%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Chin-Fu Hung	24,000,000	80%
	Supervisor	Shu-Ling Chen	-	-

Affiliate Name	Title	Name or Representative	Shareholding #	Shareholding%
Chunghwa Leading Photonics Tech. Co., Ltd. ("CLPT")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Yuan-Kuang Tu	7,050,000	75%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Jung-Kuei Chen	7,050,000	75%
	Director / General Manager	Chia-Chien Lin	870,000	9%
	Supervisor	Wei-Ting Chen	-	-
CHIEF Telecom Inc. ("CHIEF")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Yen-Hung Wu	39,425,803	56%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Hong-Chan Ma	39,425,803	56%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Ming Jhong	39,425,803	56%
	Director	Representative of InveStar Co., Ltd.: Chung-Hou Tai	109,000	0%
	Independent Director	Ling-Tai Chou	-	-
	Independent Director	Dao-Hong Lyu	-	-
	Independent Director	Ai-Chun Pang	-	-
	General Manager	Yao-Yuan Liu	244,000	0%
Chief International Corp. ("CIC")	Chairman	Representative of CHIEF Telecom Inc.: Yao-Yuan Liu	200,000	100%
	Director	Representative of CHIEF Telecom Inc.: Chien-Chi Liao	200,000	100%
Unigate Telecom Inc. ("Unigate")	Chairman	Representative of CHIEF Telecom Inc.: Yen-Hung Wu	200,000	100%
	Director	Representative of CHIEF Telecom Inc.: Yao-Yuan Liu	200,000	100%
	Director	Representative of CHIEF Telecom Inc.: Chien-Chi Liao	200,000	100%
	Supervisor	Representative of CHIEF Telecom Inc.: Lin-Tung Chang	200,000	100%
Shanghai Chief Telecom Co., Ltd. ("SCT")	Chairman	Representative of CHIEF Telecom Inc.: Wen-Han Chiang	-	49%
	Director	Representative of CHIEF Telecom Inc.: Yao-Yuan Liu	-	49%
	Director / General Manager	Representative of Shenzhen Century Communication Co., Ltd.: Yuan-Wen Han	-	51%
	Supervisor	Representative of CHIEF Telecom Inc.: Chien-Chi Liao	-	49%

Affiliate Name	Title	Name or Representative	Shareholding #	Shareholding%
Smartfun Digital Co., Ltd. ("SFD")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Ming-Shih Chen	6,500,000	65%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Ying-Hsueh Wang	6,500,000	65%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Yen-Hsiang Hung	6,500,000	65%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Quen-Zong Wu	6,500,000	65%
	Director	Representative of United Daily News: Ming-Jey Ho	2,500,000	25%
	Supervisor	Miaw-Ling Chen	-	-
	Supervisor	Representative of UDN Digital Co., Ltd.: Yu-Chih Lin	1,000,000	10%
	General Manager	Shu-Chuan Shan	-	-
Spring House Entertainment Tech. Inc. ("SHE")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Chih-Jen Hsu	8,250,731	56%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Wen-Chiyh Lin	8,250,731	56%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Ruey-Shu Chiu	8,250,731	56%
	Director / General Manager	Representative of Chunghwa Telecom Co., Ltd.: Hsueh-Hai Hu	8,250,731	56%
	Director	Representative of Ku Shen Investment Inc.: Yao-Tung Kao	1,526,086	10%
	Director	Representative of Ku Shen Investment Inc.: Meng-Wei Ku	1,526,086	10%
	Director	Jung-Kuei Chang	513,252	3%
	Supervisor	Wen-Chuan Chang	473,357	3%
	Supervisor	Wei-Ting Chen	-	-
Chunghwa Sochamp Technology Inc. ("CHST")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Hong-Chan Ma	2,040,000	51%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Ting-Ming Lin	2,040,000	51%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Jung-Kuei Chen	2,040,000	51%
	Director	Representative of Sochamp Technology Inc.: Shan-I Chen	1,960,000	49%
	Director / General Manager	Representative of Sochamp Technology Inc.: Shang-Chih Chen	1,960,000	49%
	Supervisor	Chih-Cheng Huang	-	-
	Supervisor	Ta-Chieh Lin	-	-

Affiliate Name	Title	Name or Representative	Shareholding #	Shareholding%
Senao International Co., Ltd. ("SENAO")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Jin-Lin Lai	71,773,155	28%
	Vice chairman and General Manager	Representative of Cheng Kang Investment Co., Ltd.: Pao-Yung Lin	14,820,975	6%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Ming-Shih Chen	71,773,155	28%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Yuan-Kuang Tu	71,773,155	28%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Li-Show Wu	71,773,155	28%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Chien-Chieh Chen	71,773,155	28%
	Director	Representative of Cheng Kang Investment Co., Ltd.: Cheng-Kang, Lin	14,820,975	6%
	Director	Representative of Cheng Kang Investment Co., Ltd.: Cheng-Feng Lin	14,820,975	6%
	Independent Director	Kung-Liang Yeh	-	-
	Independent Director	Yunag-LIn Su	12,209	0%
	Independent Director	Wen-Tsan Wu	-	-
Senao International (Samoa) Holding Ltd. ("SIS")	Director	Representative of Senao International Co., Ltd.: Pao-Yung Lin	-	100%
Senao International HK Ltd. ("SIHK")	Director	Representative of Senao International (Samoa) Holding Ltd.: Pao-Yung Lin	-	100%
Senao International Trading (Shanghai) Co., Ltd. ("SITS")(Note 2)	Chairman	Representative of Senao International HK Ltd.: Pao-Yung Lin	-	100%
	Director	Representative of Senao International HK Ltd.: Yu-Chiang Wu	-	100%
	Director	Representative of Senao International HK Ltd.: Chih-Chung Chiu	-	100%
	Director / General Manager	Representative of Senao International HK Ltd.: Wu-Hsiung Huang	-	100%
	Supervisor	Representative of Senao International HK Ltd.: Kuan-Heng Lai	-	100%
Youth Co., Ltd. ("Youth")	Chairman / General Manager	Representative of Senao International Co., Ltd.: Yu-Chiang Wu	14,752,000	96%
	Director	Representative of Senao International Co., Ltd.: Chi-Hung Liao	14,752,000	96%
	Director	Representative of Senao International Co., Ltd.: Kuan-Heng Lai	14,752,000	96%
	Supervisor	Tsai-Hung Yu	-	-
ISPOT Co., Ltd. ("ISPOT")	Director	Representative of Youth Co., Ltd.: Yu-Chiang Wu	-	100%
Youyi Co., Ltd. ("Youyi")	Director	Representative of Youth Co., Ltd.: Yu-Chiang Wu	-	100%
Aval Technologies Co., Ltd. ("Aval")	Chairman	Representative of Senao International Co., Ltd.: Wen-He Tsai	10,060,000	100%
	General Manager	Representative of Senao International Co., Ltd.: Yu-Chiang Wu	-	-

Affiliate Name	Title	Name or Representative	Shareholding #	Shareholding%
Wiin Technologies Co., Ltd. ("Wiin")	Chairman / General Manager	Representative of Aval Technologies Co., Ltd.: Wen-He Tsai	2,955,000	100%
Senyoung Insurance Agent Co., Ltd. ("SENYOUNG")	Chairman/ General Manager	Representative of Senao International Co., Ltd.: Yan-Yan Jheng	5,900,000	100%
	Director	Representative of Senao International Co., Ltd.: Feng-Song Zhu	5,900,000	100%
	Director	Representative of Senao International Co., Ltd.: Chi-Hung Liao	5,900,000	100%
	Supervisor	Representative of Senao International Co., Ltd.: Kuan-Heng Lai	5,900,000	100%
Seyoung Insurance Agent Co., Ltd. ("Seyoung")	Chairman / General Manager	Representative of Senyoung Insurance Agent Co., Ltd. : Ho-I Wang	2,950,000	100%
	Director	Representative of Senyoung Insurance Agent Co., Ltd. : Yan-Yan Jheng	2,950,000	100%
	Director	Representative of Senyoung Insurance Agent Co., Ltd. : Kuan-Heng Lai	2,950,000	100%
International Integrated Systems, Inc. ("IISI")	Chairman	Representative of Chunghwa Telecom Co., Ltd.: Chau-Young Lin	37,210,575	51%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Li-Show Wu	37,210,575	51%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Ting-Ming Lin	37,210,575	51%
	Director	Representative of Chunghwa Telecom Co., Ltd.: Yuan-Kai Chen	37,210,575	51%
	Director	Representatives of Advantech Corporate Investment : Tsu-Che Huang	14,299,205	20%
	Independent Director	Ming-Iuan Lee	-	-
	Independent Director	Chih-Chung Tsai	-	-
	Independent Director	George Wei Wang	20,000	0.03%
Infoexplorer International Co., Ltd. ("IESA")	Director	Representative of International Integrated Systems, Inc.: Yu-Kuang Wu	795,000	100%
IISI Investment Co., Ltd. ("IICL") (Note3)	Director	Representative of International Integrated Systems, Inc.: Wei-Cheng Hsiao	244,000	100%
Unitronics Technology Corporation ("UTC")	Chairman	Representative of International Integrated Systems, Inc.: Sheng-Hsiung Kuo	5,065,015	99.96%
	Director / General Manager	Representative of International Integrated Systems, Inc.: Pei-Yu Pai	5,065,015	99.96%
	Director	Representative of International Integrated Systems, Inc.: Wei-Cheng Hsiao	5,065,015	99.96%
	Director	Representative of International Integrated Systems, Inc.: Chin-Yuan Huang	5,065,015	99.96%
	Director	Representative of International Integrated Systems, Inc.: Chih-Ho Wang	5,065,015	99.96%
	Supervisor	Wu-Yeu Hsieh	-	-
International Integrated Systems (Hong Kong) Limited ("IEHK") (Note3)	Director	Representative of Infoexplorer International Co., Ltd.: Yu-Kuang Wu	780,000	100%
Leading Tech Co., Ltd. ("LTCL") (Note3)	Director	Representative of IISI Investment Co., Ltd.: Wei-Cheng Hsiao	316,000	100%

Affiliate Name	Title	Name or Representative	Shareholding #	Shareholding%
Leading Systems Co., Ltd. ("LSCL") (Note3)	Director	Representative of Leading Tech Co., Ltd.: Wei-Cheng Hsiao	300,000	100%
International Integrated Systems (SH) Ltd. ("IISS") (Note3)	Chairman	Representative of Leading Systems Co., Ltd.: Wei-Cheng Hsiao	-	100%
	Director	Representative of Leading Systems Co., Ltd.: Sheng-Hsiung Kuo	-	100%
	Director / General Manager	Representative of Leading Systems Co., Ltd.: Chun-Chang Wang	-	100%
	Supervisor	Representative of Leading Systems Co., Ltd.: Wu-Yeu Hsieh	-	100%
Huiyu SH Management Consultancy Co., Ltd. ("HSMC") (Note3)	Chairman	Representative of International Integrated Systems (SH) Ltd.: Ching-Long Tseng	-	100%
	Director / General Manager	Representative of International Integrated Systems (SH) Ltd.: Chi-Shun Lien	-	100%
	Director	Representative of International Integrated Systems (SH) Ltd.: Yu Sung	-	100%
	Supervisor	Representative of International Integrated Systems (SH) Ltd.: Hui-Ling Chang	-	100%

Note 1: In August 2020, CTC, CHC and Prime Asia were given the approval to terminate and dissolve their businesses in sequence; the liquidation processes have been initiated.
Note 2: SITS was approved to terminate and dissolve its business in December 2020; liquidation of SITS is still in progress.
Note 3: In September 2020, IISI's board of directors resolved that HSMC, IEHK, IISS, LSCL, LTCL, and IICL should terminate and dissolve their businesses in sequence; the respective liquidation processes have been initiated. Among these companies, HSMC completed its liquidation in December 2020.

(6) Affiliates' Operating Highlights

As of December 31, 2020
Unit: NT$'000

Affiliate Names	Paid-in Capital	Total Asset	Total Liability	Total Equity	Total Revenues	Operating Income	Net Income	Earnings per Share, NT$
Prime Asia Investments Group Ltd. (B.V.I.) ("Prime Asia") (Note1)	385,274	163,121	0	163,121	0	0	(19,434)	0
Chunghwa Hsingta Co., Ltd. ("CHC") (Note1)	375,274	163,121	0	163,121	0	0	(19,434)	0
Chunghwa Telecom (China) Co., Ltd. ("CTC") (Note 1)	177,176	38,273	6,049	32,224	32,627	(11,040)	(12,712)	0
CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	150,000	483,454	289,371	194,082	405,502	21,006	17,358	1
Donghwa Telecom Co., Ltd. (DHT)	1,575,089	3,520,823	2,034,571	1,486,252	1,133,679	(5,338)	7,379	0
Chunghwa Telecom Global, Inc. ("CHTG")	194,994	702,321	304,936	397,385	594,505	88,954	73,147	12
Chunghwa System Integration Co., Ltd. ("CHSI")	600,000	1,416,070	758,547	657,522	1,467,675	6,840	12,840	0
Light Era Development Co., Ltd. ("LED")	3,000,000	5,542,234	1,674,810	3,867,424	218,113	29,044	15,160	0
Chunghwa Telecom Singapore Pte., Ltd. ("CHTS")	574,111	1,855,854	842,354	1,013,500	1,314,654	23,656	116,771	4
Chunghwa Telecom Japan Co., Ltd.	17,291	138,242	48,142	90,099	184,904	24,983	13,478	13,478
Chunghwa Telecom Vietnam Co., Ltd. ("CHTV")	148,275	252,741	161,854	90,887	43,001	(2,899)	(2,380)	N.A.

Affiliate Names	Paid-in Capital	Total Asset	Total Liability	Total Equity	Total Revenues	Operating Income	Net Income	Earnings per Share, NT$
Honghwa International Co., Ltd. ("HHI")	180,000	2,035,138	1,510,605	524,533	5,823,677	289,532	229,464	13
Chunghwa Telecom (Thailand) Co., Ltd. ("CHTT")	119,624	113,945	3,782	110,163	113,895	(69)	2,050	2
Chunghwa Investment Co., Ltd. ("CHI")	765,000	3,482,040	6,424	3,475,616	347,620	318,576	317,590	4
Chunghwa Precision Test Tech. Co., Ltd. ("CHPT")	327,890	8,100,628	1,050,834	7,049,794	4,210,864	1,168,867	933,693	28
Chunghwa Precision Test Tech. USA Corporation ("CHPT (US)")	126	31,348	7,501	23,847	39,297	1,267	755	2
CHPT Japan Co., Ltd. ("CHPT (JP)")	2,008	3,002	530	2,472	3,653	184	89	148
Chunghwa Precision Test Tech. International, Ltd. ("CHPT (International)")	116,790	98,015	0	98,015	0	(53)	8,441	2
Shanghai Taihua Electronic Technology Ltd. ("STET")	51,233	25,622	9,132	16,490	22,340	(9,575)	(9,675)	N.A.
Su Zhou Precision Test Tech. Ltd.("SZPT")	62,340	140,841	62,527	78,314	89,880	24,558	18,127	N.A.
CHT Security Co., Ltd. ("CHTSC")	299,000	701,714	262,344	439,370	945,726	154,276	124,159	4
Chunghwa Leading Photonics Tech. Co., Ltd. ("CLPT")	94,000	214,882	46,023	168,859	104,543	15,466	10,264	1
CHIEF Telecom Inc. ("CHIEF")	702,459	4,731,550	1,755,064	2,976,486	2,488,252	762,632	607,779	9
Chief International Corp. ("CIC")	6,068	85,059	6,360	78,699	20,931	9,074	9,338	47
Unigate Telecom Inc. ("Unigate")	2,000	2,462	1,481	981	229	102	94	0
Shanghai Chief Telecom Co., Ltd. ("SCT")	10,150	28,914	1,238	27,676	55,466	5,437	5,047	N.A.
Smartfun Digital Co., Ltd. ("SFD")	100,000	138,520	24,302	114,218	81,509	11,449	9,804	1
Spring House Entertainment Tech. Inc. ("SHE")	147,236	266,668	68,218	198,450	278,982	55,022	44,962	3
Chunghwa Sochamp Technology Inc. ("CHST")	40,000	89,853	79,997	9,856	45,009	(1,113)	(2,015)	(1)
Senao International Co., Ltd. ("SENAO")	2,582,527	9,830,176	3,916,795	5,913,381	25,426,029	309,395	436,884	2
Senao International (Samoa) Holding Ltd. ("SIS")	2,231,841	232,153	54	232,099	108	(9)	(24,526)	N.A.
Senao International HK Ltd. ("SIHK")	2,226,976	212,857	43	212,814	0	(590)	(24,766)	N.A.

Affiliate Names	Paid-in Capital	Total Asset	Total Liability	Total Equity	Total Revenues	Operating Income	Net Income	Earnings per Share, NT$
Senao International Trading (Shanghai) Co., Ltd. ("SITS")(Note 2)	955,838	29,402	0	29,402	7,535	(27,499)	(21,189)	N.A.
Youth Co., Ltd. ("Youth")	154,000	179,319	35,232	144,087	191,973	(3,760)	1,404	0
ISPOT Co., Ltd. ("ISPOT")	10,727	36,084	28,774	7,310	82,507	1,643	1,656	N.A.
Youyi Co., Ltd. ("Youyi")	21,354	14,596	7,227	7,369	15,438	1,502	1,234	N.A.
Aval Technologies Co., Ltd. ("Aval")	100,600	417,451	306,951	110,500	1,541,918	5,714	8,656	1
WIIN Technologies Co.,Ltd. ("Wiin")	29,550	89,266	55,790	33,476	375,031	4,645	3,695	1
Senyoung Insurance Agent Co., Ltd. ("SENYOUNG")	59,000	212,784	121,928	90,856	359,583	39,180	30,144	5
Senaolife Insurance Agent Co., Ltd. ("Senaolife")	29,500	27,220	1,034	26,186	2,324	(3,870)	(3,034)	(1)
International Integrated Systems, Inc. ("IISI")	726,745	2,593,399	1,525,563	1,067,836	2,574,562	147,288	169,948	2
Infoexplorer International Co., Ltd. ("IESA")	22,642	27,028	10	27,018	0	(55)	850	0
IISI Investment Co., Ltd. ("IICL") (Note3)	69,491	29,271	281	28,990	0	(291)	(10,872)	(2)
Unitronics Technology Corporation ("UTC")	50,670	111,309	41,415	69,894	111,780	9,601	7,783	2
International Integrated Systems (Hong Kong) Limited ("IEHK") (Note3)	22,214	27,876	40	27,836	1,465	(160)	870	0
Leading Tech Co., Ltd. ("LTCL") (Note3)	89,997	19,197	0	19,197	0	0	(10,587)	(1)
Leading Systems Co., Ltd. ("LSCL") (Note3)	85,440	18,588	4,296	14,292	0	0	(10,588)	(1)
International Integrated Systems (SH) Ltd. ("IISS") (Note3)	48,753	31,876	13,275	18,601	3,008	(7,262)	(10,588)	N.A.
Huiyu SH Management Consultancy Co., Ltd. ("HSMC")(Note3)	13,670	0	0	0	1,012	(4,104)	(4,093)	N.A.

Note 1: In August 2020, CTC, CHC and Prime Asia were given the approval to terminate and dissolve their businesses in sequence; the liquidation processes have been initiated.

Note 2: SITS was approved to terminate and dissolve its business in December 2020; liquidation of SITS is still in progress.

Note 3: In September 2020, IISI's board of directors resolved that HSMC, IEHK, IISS, LSCL, LTCL, and IICL should terminate and dissolve their businesses in sequence; the respective liquidation processes have been initiated. Among these companies, HSMC completed its liquidation in December 2020.

Note 4: Exchange rates for the Consolidated Balance Sheet are as follows:

RMB1 = NT$4.377, HKD1 = NT$3.673, USD1 = NT$28.48, JPY1 = NT$0.2763, VND1 = NT$0.00111,SGD1 = NT$21.56, THB1 = NT$0.9556

Exchange rates for the Consolidated Income Statement are as follows:

RMB1 = NT$4.282, HKD1 = NT$3.809, USD1 = NT$29.549, JPY1 = NT$0.2769, VND1 = NT$0.00115,SGD1 = NT$21.43, THB1 = NT$0.9496

1.2 Consolidated Financial Report of the Company and Affiliates

For more details, please refer to page 147, Chapter VIII, Section 8, "Consolidated Financial Statements and Independent Auditors' Report".

2. Private Placement Securities in the most recent year and up to the Publication Date of this Annual Report

None.

3. The Company's Shares Held or Disposed by Subsidiaries in the most recent year and up to the Publication Date of this Annual Report

None.

4. Material Impact, pursuant to Article 36-3-2 of the Securities and Exchange Act, on Shareholders' Equity or Share Price in the most recent year and up to the Publication Date of this Annual Report

None.

5. Other Supplementary Information

None.

8 Financial Information

1. Five-Year Financial Summary
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Financial Information

1. Five-Year Financial Summary

1.1 Condensed Balance Sheet and Statement of Comprehensive Income

(1) Condensed Balance Sheet

A. Consolidated Condensed Balance Sheet

Unit: NT$'000

Item \ Year		Financial Summary for Most Recent 5 Years				
		2020	2019	2018	2017	2016
Current Assets		81,803,059	94,072,062	91,688,336	79,334,002	81,620,175
Property, Plant and Equipment		281,415,943	283,694,215	288,914,228	288,707,910	291,169,760
Intangible Assets		90,284,560	47,046,525	50,943,682	54,883,268	47,353,424
Other Assets		52,874,430	52,645,436	35,722,458	28,197,942	26,989,146
Total Assets		**506,377,992**	**477,458,238**	**467,268,704**	**451,123,122**	**447,132,505**
Current Liabilities	Before Distribution	71,435,111	64,351,545	61,387,021	59,990,359	60,105,595
	After Distribution	-	97,134,514	96,132,624	97,195,073	98,442,120
Noncurrent Liabilities		45,684,424	26,712,928	19,309,363	17,553,183	15,827,240
Total Liabilities	Before Distribution	**117,119,535**	**91,064,473**	**80,696,384**	**77,543,542**	**75,932,835**
	After Distribution	-	**123,847,442**	**115,441,987**	**114,748,256**	**114,269,360**
Equity Attributable to Stockholders of the Parent		377,931,016	376,110,243	376,562,372	364,881,985	364,703,748
Common Stocks		77,574,465	77,574,465	77,574,465	77,574,465	77,574,465
Additional Paid-in Capital		171,261,379	171,255,985	171,136,764	169,466,883	168,542,486
Retained Earnings	Before Distribution	128,168,050	126,591,245	127,391,229	117,457,971	118,592,201
	After Distribution	-	93,808,276	92,645,626	80,253,257	80,255,676
Other Equity		927,122	688,548	459,914	382,666	(5,404)
Noncontrolling Interests		11,327,441	10,283,522	10,009,948	8,697,595	6,495,922
Total Equity	Before Distribution	**389,258,457**	**386,393,765**	**386,572,320**	**373,579,580**	**371,199,670**
	After Distribution	-	**353,610,796**	**351,826,717**	**336,374,866**	**332,863,145**

B. Parent-only Condensed Balance Sheet

Unit: NT$'000

Item \ Year		Financial Summary for Most Recent 5 Years				
		2020	2019	2018	2017	2016
Current Assets		54,926,878	69,965,003	67,338,984	60,762,443	65,773,396
Property, Plant and Equipment		272,623,164	274,744,872	281,056,057	281,413,852	283,912,327
Intangible Assets		89,723,406	46,519,457	50,404,295	54,283,253	46,726,067
Other Assets		67,065,574	66,085,949	50,017,325	37,470,635	35,533,390
Total Assets		**484,339,022**	**457,315,281**	**448,816,661**	**433,930,183**	**431,945,180**
Current Liabilities	Before Distribution	63,358,005	59,382,190	57,334,954	55,929,805	55,347,993
	After Distribution	-	92,165,159	92,080,557	93,134,519	93,684,518
Noncurrent Liabilities		43,050,001	21,822,848	14,919,335	13,118,393	11,893,439
Total Liabilities	Before Distribution	**106,408,006**	**81,205,038**	**72,254,289**	**69,048,198**	**67,241,432**
	After Distribution	-	**113,988,007**	**106,999,892**	**106,252,912**	**105,577,957**
Common Stocks		77,574,465	77,574,465	77,574,465	77,574,465	77,574,465
Additional Paid-in Capital		171,261,379	171,255,985	171,136,764	169,466,883	168,542,486
Retained Earnings	Before Distribution	128,168,050	126,591,245	127,391,229	117,457,971	118,592,201
	After Distribution	-	93,808,276	92,645,626	80,253,257	80,255,676
Other Equity		927,122	688,548	459,914	382,666	(5,404)
Total Equity	Before Distribution	**377,931,016**	**376,110,243**	**376,562,372**	**364,881,985**	**364,703,748**
	After Distribution	-	**343,327,274**	**341,816,769**	**327,677,271**	**326,367,223**

(2) Condensed Statement of Comprehensive Income

A. Consolidated Condensed Statement of Comprehensive Income

Unit: NT$'000

Item \ Year	Financial Summary for Most Recent 5 Years				
	2020	2019	2018	2017	2016
Revenues	207,608,998	207,520,061	215,483,158	227,514,183	229,991,428
Gross Profit	70,580,146	71,567,521	75,937,701	80,676,700	82,439,634
Income from Operations	42,361,726	40,645,854	43,643,659	46,702,977	48,105,278
Non-operating Income and Expenses	469,245	1,103,938	1,335,045	1,294,085	1,277,269
Income Before Income Tax	42,830,971	41,749,792	44,978,704	47,997,062	49,382,547
Net Income (Loss)	34,705,543	33,763,943	36,456,171	40,042,601	41,229,985
Other Comprehensive Income (Loss), Net of Income Tax	1,174,916	1,442,506	(1,014,453)	(1,305,526)	(2,056,206)

Year / Item	Financial Summary for Most Recent 5 Years				
	2020	2019	2018	2017	2016
Total Comprehensive Income	35,880,459	35,206,449	35,441,718	38,737,075	39,173,779
Net Income Attributable to Stockholders of the Parent	33,406,130	32,788,546	35,501,622	38,873,905	40,067,010
Net Income Attributable to Noncontrolling Interests	1,299,413	975,397	954,549	1,168,696	1,162,975
Comprehensive Income Attributable to Stockholders of the Parent	34,598,348	34,225,076	34,496,742	37,590,365	38,068,095
Comprehensive Income Attributable to Noncontrolling Interests	1,282,111	981,373	944,976	1,146,710	1,105,684
Earnings per Share	4.31	4.23	4.58	5.01	5.16

B. Parent-only Condensed Statement of Comprehensive Income

Unit: NT$'000

Year / Item	Financial Summary for Most Recent 5 Years				
	2020	2019	2018	2017	2016
Revenues	178,622,827	179,321,838	185,331,699	196,985,774	201,636,805
Gross Profit	61,416,583	63,265,562	66,501,764	75,473,632	77,661,707
Income from Operations	39,539,657	38,345,865	40,365,914	44,145,737	45,782,546
Non-operating Income and Expenses	1,343,772	1,916,727	3,151,064	2,158,739	1,987,813
Income before Income Tax	40,883,429	40,262,592	43,516,978	46,304,476	47,770,359
Net Income (Loss)	33,406,130	32,788,546	35,501,622	38,873,905	40,067,010
Other Comprehensive Income (Loss), Net of Income Tax	1,192,218	1,436,530	(1,004,880)	(1,283,540)	(1,998,915)
Total Comprehensive Income	34,598,348	34,225,076	34,496,742	37,590,365	38,068,095
Earnings per Share	4.31	4.23	4.58	5.01	5.16

1.2 Independent Auditor's Names and Opinions for Recent Five Years

Year	Name of CPA	Audit Opinion
2016	Deloitte & Touche Ching-Pin Shih and Hung-Peng Lin	Unmodified Opinion
2017	Deloitte & Touche Ching-Pin Shih and Hung-Peng Lin	Unmodified Opinion
2018	Deloitte & Touche Ching-Pin Shih and Hung-Peng Lin	Unmodified Opinion
2019	Deloitte & Touche Dien-Sheng Chang and Ching-Pin Shih	Unmodified Opinion
2020	Deloitte & Touche Dien-Sheng Chang and Cheng-Hung Kuo	Unmodified Opinion

1.3 Five Years Financial Analysis & Discussion

(1) Consolidated Financial Analysis for Recent 5 Years

Item	Year	Financial Summary for Most Recent 5 Years				
		2020	2019	2018	2017	2016
Financial Structure	Debt to Asset Ratio (%)	23.13	19.07	17.27	17.19	16.98
	Ratio of Long-term Capital to Property, Plants and Equipment (%)	154.56	145.62	140.49	135.48	132.92
Liquidity Analysis	Current Ratio (%)	114.51	146.18	149.36	132.24	135.79
	Quick Ratio (%)	93.91	116.31	121.68	113.86	118.49
	Interest Earned Ratio	208.85	401.89	2,557.19	2,191.35	2,494.06
Operating Performance	Accounts Receivable Turnover (Times)	7.72	6.75	6.45	6.80	7.53
	Average Collection Days	47.27	54.07	56.58	53.67	48.47
	Inventory Turnover (Times)	3.62	3.03	4.06	6.93	6.69
	Accounts Payable Turnover (Times)	N/A	N/A	N/A	N/A	N/A
	Average Days in Sales	100.82	120.46	89.90	52.66	54.55
	Property, Plants and Equipment Turnover (Times)	0.73	0.72	0.75	0.78	0.78
	Total Assets Turnover (Times)	0.42	0.44	0.47	0.51	0.51
Profitability	Return on Assets (%)	7.09	7.17	7.94	8.92	9.17
	Return on Equity (%)	8.95	8.74	9.59	10.75	11.07
	Pre-tax Income to Paid-in Capital (%)	55.21	53.82	57.98	61.87	63.66
	Net Income Ratio (%)	16.72	16.27	16.92	17.60	17.93
	Earnings per Share (NT$)	4.31	4.23	4.58	5.01	5.16
Cash Flow	Cash Flow Ratio (%)	104.23	112.55	108.11	118.24	108.06
	Cash Flow Adequacy Ratio (%)	108.03	105.88	109.03	111.59	106.17
	Cash Reinvestment Ratio (%)	3.78	3.52	2.71	3.28	2.28
Leverage	Operating Leverage	2.87	2.99	2.82	2.65	2.72
	Financial Leverage	1.00	1.00	1.00	1.00	1.00

Notes:

1. The formulas for the above table:

A. Financial Structure

Debts to Assets Ratio = Total Liabilities / Total Assets

Ratio of Long-term Capital to Property, Plants and Equipment = (Total Equity + Noncurrent Liabilities) / Net of Properties, Plants and Equipment

B. Liquidity Analysis

Current Ratio = Current Assets / Current Liabilities

Quick Ratio = (Current Assets - Inventory - Prepaid Expense) / Current Liabilities

Interest Earned Ratio = (Net Income before Income Tax and Interest Expenses) / Interest Expense

C. Operating Performance

Account Receivable Turnover = Net Sales / Average Accounts Receivable (including Accounts Receivable and Notes Receivable originated from operation)

Average Collection Days = 365 / Accounts Receivable Turnover

Inventory Turnover = Costs of Good Sold / Average Inventory

Accounts Payable Turnover = Costs of Good Sold / Average Accounts Payable (including Accounts Payable and Notes Payable originated from operation)

Average Days in Sales = 365 / Inventory Turnover

Property, Plants and Equipment Turnover = Net Sales / Average of Net Properties, Plants and Equipment

Total Assets Turnover = Net Sales / Average of Total Assets

D. Profitability
Return on Assets = (Net Income +Interest Expense x (1-Tax Rate)) / Average Total Assets
Return on Equity = Net Income / Average Equity
Net Income Ratio = Net Income / Net Sales
Earnings per Share = (Net Income Attributable to Stockholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Outstanding Shares
E. Cash Flow
Cash Flow Ratio = Cash Flows from Operating Activities / Current Liabilities
Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities for the most recent 5 years / (Capital Expenditure + Increase in Inventory + Cash Dividends) for the most recent 5 years
Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities - Cash Dividends) / (Gross Properties, Plants and Equipment + Long-term Investment + Other Noncurrent Assets + Working Capital)
F. Leverage
Operating Leverage = (Net Sales - Variable Operating Costs and Expenses) / Operating Income
Financial Leverage = Operating Income / (Operating Income - Interest Expenses)

2. Analysis and discussion for any financial ratio variation plus and minus (+/-) 20% in recent 2 years:
(1) Debt to asset ratio increased by 21.27%, primarily due to the issuance of bonds and commercial paper in 2020 to enrich working capital and to pay the 5G mobile broadband license, resulting in the increase in liabilities was greater than the increase in assets.
(2) Current ratio decreased by 21.66%, primarily due to the decrease of cash and cash equivalents for the payment of 5G mobile broadband license, the decrease of inventories for the completion of large-scale projects, and the increase of current liabilities due to the issuance of commercial paper in 2020.
(3) Interest earned ratio decreased by 48.03%, primarily due to increased interest expenses resulting from the issuance of bonds and commercial paper in 2020.

(2) Parent-only Financial Analysis for Recent 5 Years

Item \ Year		Financial Summary for Most Recent 5 Years				
		2020	2019	2018	2017	2016
Financial Structure	Debt to Asset Ratio (%)	21.97	17.76	16.10	15.91	15.57
	Ratio of Long-term Capital to Property, Plants and Equipment (%)	154.42	144.84	139.29	134.32	132.65
Liquidity Analysis	Current Ratio (%)	86.69	117.82	117.45	108.64	118.84
	Quick Ratio (%)	72.90	94.37	96.67	98.62	111.12
	Interest Earned Ratio	239.17	651.73	162,985.94	9,260,896.20	(Note1)
Operating Performance	Accounts Receivable Turnover (Times)	7.21	6.21	5.80	6.14	6.91
	Average Collection Days	50.62	58.77	62.93	59.44	52.83
	Inventory Turnover (Times)	3.27	2.22	3.11	8.26	8.05
	Accounts Payable Turnover (Times)	N/A	N/A	N/A	N/A	N/A
	Average Days in Sales	111.62	164.41	117.36	44.21	45.32
	Property, Plant and Equipment Turnover (Times)	0.65	0.65	0.66	0.70	0.70
	Total Assets Turnover (Times)	0.38	0.40	0.42	0.45	0.46
Profitability	Return on Assets (%)	7.13	7.25	8.04	8.98	9.20
	Return on Equity (%)	8.86	8.71	9.58	10.66	10.93
	Pre-tax Income to Paid-in Capital (%)	52.70	51.90	56.10	59.69	61.58
	Net Income Ratio (%)	18.70	18.28	19.16	19.73	19.87
	Earnings per Share (NT$)	4.31	4.23	4.58	5.01	5.16
Cash Flow	Cash Flow Ratio (%)	110.74	118.12	110.87	121.10	112.72
	Cash Flow Adequacy Ratio (%)	105.15	102.93	105.93	109.49	105.03
	Cash Reinvestment Ratio (%)	3.45	3.37	2.49	3.01	2.04
Leverage	Operating Leverage	2.85	2.98	2.92	2.54	2.62
	Financial Leverage	1.00	1.00	1.00	1.00	1.00

Notes:
1. Interest earned ratio is not calculated because there were no interest expenses in 2016.
2. Analysis and discussion for any financial ratio variation plus and minus (+/-) 20% in recent 2 years:
(1) Debt to asset ratio increased by 23.73%, primarily due to the issuance of bonds and commercial paper in 2020 to enrich working capital and to pay the 5G mobile broadband license, resulting in the increase in liabilities was greater than the increase in assets.
(2) Current ratio decreased by 26.42%, primarily due to the decrease of cash and cash equivalents for the payment of 5G mobile broadband license, the decrease of inventories for the completion of large-scale projects, and the increase of current liabilities due to the issuance of commercial paper in 2020.
(3) Quick ratio decreased by 22.75%, primarily due to the decrease of cash and cash equivalents for the payment of 5G mobile broadband license and the increase of current liabilities due to the issuance of commercial paper in 2020.
(4) Interest earned ratio decreased by 63.30%, primarily due to increased interest expenses resulting from the issuance of bonds and commercial paper in 2020.
(5) Inventory turnover increased by 47.30% and average days in sales decreased by 32.11%, primarily due to the decrease of inventories for the completion of large-scale projects.

2. Occurrence of Financial Distress on the Company and Affiliates for the most recent year and up to the Publication Date of this Annual Report

None.

3. Asset Impairment

The Company recognizes asset impairment in accordance to the relevant IFRSs, for details, please refer to page 147, Section 8, "Consolidated Financial Statements and Independent Auditors' Report".

4. Financial Asset & Liabilities Assessment and Provision

	Item	Assessment Basis	Assessment Notes
1	Loss Allowance	Impairment Assessment on Balance Sheet date	The Company recognizes lifetime Expected Credit Loss (ECL) for accounts receivable and contract assets. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. The Company recognizes an impairment loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.
2	Provision for Impairment Loss and Obsolescence of Inventory	Inventories are Stated at the Lower of Cost or Net Realizable Value	Inventories are stated at the lower of cost or net realizable value. Net realizable value is calculated as the estimated selling price less the estimated selling costs. Comparison of net realizable value and cost is determined on an item by item basis, except for those similar items which could be categorized into the same groups. The Company uses the inventory holding period and turnover as the evaluation basis for inventory obsolescence losses.

5. Financial Instruments Assessment

The Company measures all financial instruments in accordance to IFRS 9 "Financial Instrument", see below financial categories:

(1) Financial assets at fair value through profit or loss (FVTPL)

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at fair value through other comprehensive income(FVOCI).

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend earned on the financial asset.

(2) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i. The financial asset is held within a business model whose

objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss, except for short-term receivables as the effect of discounting is immaterial. Exchange differences are recognized in profit or loss. Interest income is calculated by applying the effective interest rate to the gross carrying amount of such financial assets.

(3) Investments in equity instruments at FVOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments. Instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

6. The Differences between 2020 Financial Statements under Taiwan-IFRSs and IFRSs

The Company has adopted Taiwan IFRSs endorsed and issued into effect by FSC for ROC reporting purposes. The differences between Taiwan IFRSs and IFRSs issued by International Accounting Standards Board, or IASB, are set forth below:

(1) Under Taiwan IFRSs endorsed and issued into effect by FSC (or "T-IFRSs"), the Company reported consolidated net income of NT$34,705,543 thousand, consolidated net income attributable to stockholders of the parent of NT$33,406,130 thousand, and basic earnings per share of NT$4.31 for the year ended December 31, 2020, respectively. The Company also reported total assets of NT$506,377,992 thousand, total liabilities of NT$117,119,535 thousand, and total equity of NT$389,258,457 thousand as of December 31, 2020.

(2) Under IFRSs issued by IASB (or "IFRSs"), the Company reported consolidated net income of NT$34,704 million, consolidated net income attributable to stockholders of the parent of NT$33,419 million, and basic earnings per share of NT$4.31 for the year ended December 31, 2020, respectively. The Company also reported total assets of NT$506,180 million, total liabilities of NT$118,907 million, and total equity of NT$387,273 million as of December 31, 2020.

(3) The differences between consolidated net income under Taiwan-IFRSs and that under IFRSs followed by the Company mainly come from the timing of the recognition of income tax on unappropriated earnings. In addition, prior to incorporation, the Company was subject to the laws and regulations applicable to state-owned enterprises in Taiwan which differed from the generally accepted accounting principles as applicable to commercial companies. As such, revenue from providing fixed line connection service and selling prepaid phone cards was recognized at the time the service was performed or the card was sold by the Company. Upon incorporation, net assets greater than the capital stock was credited as additional paid-in-capital and part of the additional paid-in-capital was from the unearned revenues generated from connection fees and prepaid cards as of the date of incorporation. Under IFRSs, revenue from connection fees and prepaid phone cards was deferred at the time of the service performed or sale and recognized as revenue over time as the service is continuously performed or as consumed. This reclassification from additional paid-in capital to retained earnings did not affect total equity.

7. 2020 Audit Committee's Review Report

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 business report, financial statements, and earnings distribution proposal. The CPA firm of Deloitte & Touche was retained to audit the Company's financial statements and has issued an audit report relating to the financial statements. The business report, financial statements, and earnings distribution proposal have been reviewed and determined to be accurate by the Audit Committee members of the Company. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Chunghwa Telecom Co., Ltd.

Chairman of the Audit Committee

February 23, 2021

8. Consolidated Financial Statements and Independent Auditors' Report

Chunghwa Telecom Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report

REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2020 are all the same as those included in the consolidated financial statements of Chunghwa Telecom Co., Ltd. and its subsidiaries prepared in conformity with the International Financial Reporting Standard 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements of Chunghwa Telecom Co., Ltd. and its subsidiaries. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

CHUNGHWA TELECOM CO., LTD.

By

_____

Chi-Mau Sheih
Chairman

February 23, 2021

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Chunghwa Telecom Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Chunghwa Telecom Co., Ltd. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the consolidated financial statements for the year ended December 31, 2020 is as follows:

Revenue Recognition on Mobile Service

Refer to Notes 3 and 30 to the consolidated financial statements.

The Company's mobile service revenue consists of subscriber-based charges made up of a significant volume of low-dollar transactions. Because of the complexity and a variety of subscriber-based charges as well as a large number of transactions, the Company uses highly automated systems to process and record its revenue transactions.

Given the Company's systems to process and record revenue are highly automated, auditing revenue was complex and challenging due to the extent of audit effort required and involvement of professionals with expertise in information technology (IT) necessary for us to identify, test, and evaluate the Company's IT systems.

Our audit procedures related to the Company's systems to process revenue transactions included the following, among others:

- With the assistance of our IT specialists, we:
  - Identified the significant systems used to process revenue transactions and tested the general IT controls over each of these systems, including testing of user access controls and change management controls.
  - Performed testing of system interface controls and automated controls within the relevant revenue streams, as well as the controls designed to ensure the accuracy and completeness of revenue.
- We tested internal controls within the relevant revenue business processes, including those in place to reconcile the various systems to the Company's accounting system.
- We selected samples from mobile service revenue and agreed to customer contracts and records of cash receipts.

Other Matter

We have also audited the parent company only financial statements of Chunghwa Telecom Co., Ltd. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication..

The engagement partners on the audit resulting in this independent auditors' report are Dien Sheng Chang and Cheng Hung Kuo.

Dien-Sheng Chang Cheng-Hung Kuo

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 3 and 6)	$ 30,419,655	6	$ 34,049,643	7
Financial assets at fair value through profit or loss (Notes 3, 4 and 7)	9,897	-	516	-
Hedging financial assets (Notes 3 and 20)	1,752	-	327	-
Contract assets (Notes 3 and 30)	5,331,246	1	4,441,196	1
Trade notes and accounts receivable, net (Notes 3, 4, 9, 13 and 30)	22,621,902	5	26,407,783	6
Receivables from related parties (Note 38)	230,696	-	16,834	-
Inventories (Notes 3, 4, 10 and 39)	12,408,903	3	17,344,276	4
Prepayments (Note 11)	2,306,246	-	1,883,259	-
Other current monetary assets (Notes 12, 28 and 35)	6,123,665	1	7,498,564	2
Other current assets (Notes 19, 32 and 39)	2,349,097	-	2,429,664	-
Total current assets	81,803,059	16	94,072,062	20
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss (Notes 3, 4 and 7)	677,202	-	778,105	-
Financial assets at fair value through other comprehensive income (Notes 3, 4 and 8)	7,193,174	2	7,268,917	2
Investments accounted for using equity method (Notes 3 and 14)	6,893,001	1	7,354,226	2
Contract assets (Notes 3 and 30)	2,495,302	-	2,600,913	-
Property, plant and equipment (Notes 3, 4, 13, 15, 35, 38 and 39)	281,415,943	56	283,694,215	59
Right-of-use assets (Notes 3, 4 and 16)	11,009,206	2	11,364,249	2
Investment properties (Notes 3, 4, 17, 35 and 38)	9,621,322	2	8,169,393	2
Intangible assets (Notes 3, 4, 13, 18 and 35)	90,284,560	18	47,046,525	10
Deferred income tax assets (Notes 3, 13 and 32)	3,132,713	1	3,258,607	1
Incremental costs of obtaining contracts (Notes 3 and 30)	999,593	-	942,652	-
Net defined benefit assets (Notes 3, 4, 13 and 28)	3,372,555	1	2,127,335	-
Prepayments (Note 11)	2,213,521	-	2,679,335	1
Other noncurrent assets (Notes 19, 39 and 40)	5,266,841	1	6,101,704	1
Total noncurrent assets	424,574,933	84	383,386,176	80
TOTAL	$ 506,377,992	100	$ 477,458,238	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Note 21)	$ 67,000	-	$ 90,000	-
Short-term bills payable (Note 22)	6,999,198	1	-	-
Financial liabilities at fair value through profit or loss (Notes 3, 4 and 7)	143	-	239	-
Contract liabilities (Notes 3, 30 and 38)	13,436,706	3	16,839,830	4
Trade notes and accounts payable (Note 25)	15,590,814	3	15,312,274	3
Payables to related parties (Note 38)	645,944	-	653,983	-
Current tax liabilities (Notes 3 and 32)	4,369,241	1	4,020,670	1
Lease liabilities (Notes 3, 4, 16, 35 and 38)	3,381,571	1	3,291,330	1
Other payables (Notes 26 and 35)	23,987,962	5	22,952,488	5
Provisions (Notes 3, 13 and 27)	313,555	-	206,942	-
Current portion of long-term loans (Notes 23 and 39)	1,600,000	-	-	-
Other current liabilities	1,042,977	-	983,789	-
Total current liabilities	71,435,111	14	64,351,545	14
NONCURRENT LIABILITIES				
Long-term loans (Notes 23 and 39)	-	-	1,600,000	-
Bonds payable (Note 24)	19,980,272	4	-	-
Contract liabilities (Notes 3 and 30)	7,289,087	2	6,841,485	2
Deferred income tax liabilities (Notes 3, 13 and 32)	1,966,538	-	1,912,305	-
Provisions (Notes 3, 13 and 27)	100,616	-	97,382	-
Lease liabilities (Notes 3, 4, 16, 35 and 38)	6,215,096	1	6,466,808	1
Customers' deposits (Note 38)	4,826,679	1	4,747,644	1
Net defined benefit liabilities (Notes 3, 4, 13 and 28)	3,415,331	1	3,504,617	1
Other noncurrent liabilities	1,890,805	-	1,542,687	-
Total noncurrent liabilities	45,684,424	9	26,712,928	5
Total liabilities	117,119,535	23	91,064,473	19
EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT (Notes 13 and 29)				
Common stocks	77,574,465	15	77,574,465	16
Additional paid-in capital	171,261,379	34	171,255,985	36
Retained earnings				
Legal reserve	77,574,465	15	77,574,465	16
Special reserve	2,675,419	1	2,675,419	1
Unappropriated earnings	47,918,166	10	46,341,361	10
Total retained earnings	128,168,050	26	126,591,245	27
Others	927,122	-	688,548	-
Total equity attributable to stockholders of the parent	377,931,016	75	376,110,243	79
NONCONTROLLING INTERESTS (Notes 13 and 29)	11,327,441	2	10,283,522	2
Total equity	389,258,457	77	386,393,765	81
TOTAL	$ 506,377,992	100	$ 477,458,238	100

The accompanying notes are an integral part of the consolidated financial statements.

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
REVENUES (Notes 3, 30, 38 and 44)	$ 207,608,998	100	$ 207,520,061	100
OPERATING COSTS (Notes 3, 10, 28, 30, 31, 38 and 44)	137,028,852	66	135,952,540	65
GROSS PROFIT	70,580,146	34	71,567,521	35
OPERATING EXPENSES (Notes 3, 9, 28, 31, 38 and 44)				
Marketing	20,912,848	10	22,219,688	11
General and administrative	5,005,934	2	4,758,340	2
Research and development	3,849,999	2	3,941,446	2
Expected credit loss (reversal of credit loss)	44,885	-	(125,111)	-
Total operating expenses	29,813,666	14	30,794,363	15
OTHER INCOME AND EXPENSES (Notes 15, 17, 18, 19, 31 and 44)	1,595,246	1	(127,304)	-
INCOME FROM OPERATIONS	42,361,726	21	40,645,854	20
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 44)	115,922	-	250,787	-
Other income (Notes 8, 31 and 38)	469,608	-	531,624	-
Other gains and losses (Notes 14, 31, 37 and 38)	(152,967)	-	(36,471)	-
Interest expenses (Notes 16, 31, 38 and 44)	(206,063)	-	(104,142)	-
Share of profits of associates and joint ventures accounted for using equity method (Notes 14 and 44)	242,745	-	462,140	-
Total non-operating income and expenses	469,245	-	1,103,938	-
INCOME BEFORE INCOME TAX	42,830,971	21	41,749,792	20
INCOME TAX EXPENSE (Notes 3 and 32)	8,125,428	4	7,985,849	4
NET INCOME	34,705,543	17	33,763,943	16

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit pension plans (Note 28)	$ 1,193,149	1	$ 1,526,353	1
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income (Notes 3, 29 and 37)	404,955	-	286,408	-
Gain or loss on hedging instruments subject to basis adjustment (Notes 3 and 20)	1,425	-	(742)	-
Share of remeasurements of defined benefit pension plans of associates and joint ventures (Note 14)	(4,282)	-	(2,335)	-
Income tax relating to items that will not be reclassified to profit or loss (Note 32)	(238,630)	-	(305,271)	-
	1,356,617	1	1,504,413	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from the translation of the foreign operations	(177,149)	-	(61,207)	-
Share of exchange differences arising from the translation of the foreign operations of associates and joint ventures (Note 14)	(4,289)	-	(700)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 32)	(263)	-	-	-
	(181,701)	-	(61,907)	-
Total other comprehensive income, net of income tax	1,174,916	1	1,442,506	1
TOTAL COMPREHENSIVE INCOME	$ 35,880,459	18	$ 35,206,449	17
NET INCOME ATTRIBUTABLE TO				
Stockholders of the parent	$ 33,406,130	16	$ 32,788,546	16
Noncontrolling interests	1,299,413	1	975,397	-
	$ 34,705,543	17	$ 33,763,943	16

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Stockholders of the parent	$ 34,598,348	17	$ 34,225,076	17
Noncontrolling interests	1,282,111	1	981,373	-
	$ 35,880,459	18	$ 35,206,449	17
EARNINGS PER SHARE (Note 33)				
Basic	$ 4.31		$ 4.23	
Diluted	$ 4.30		$ 4.22	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Stockholders of the Parent (Notes 13, 20 and 29)										
			Retained Earnings			Others					
	Common Stocks	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Arising from the Translation of the Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Gain or Loss on Hedging Instruments	Total	Noncontrolling Interests (Notes 13 and 29)	Total Equity
BALANCE, JANUARY 1, 2019	$ 77,574,465	$ 171,136,764	$ 77,574,465	$ 2,675,419	$ 47,090,522	$ (79,427)	$ 538,272	$ 1,069	$ 376,511,549	$ 9,990,345	$ 386,501,894
Appropriation of 2018 earnings											
Cash dividends distributed by Chunghwa	-	-	-	-	(34,745,603)	-	-	-	(34,745,603)	-	(34,745,603)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(709,817)	(709,817)
Unclaimed dividend	-	1,266	-	-	-	-	-	-	1,266	-	1,266
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	118,853	-	-	-	-	-	-	118,853	1,064	119,917
Net income for the year ended December 31, 2019	-	-	-	-	32,788,546	-	-	-	32,788,546	975,397	33,763,943
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,207,896	(68,950)	298,326	(742)	1,436,530	5,976	1,442,506
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	33,996,442	(68,950)	298,326	(742)	34,225,076	981,373	35,206,449
Share-based payment transactions of subsidiaries	-	(898)	-	-	-	-	-	-	(898)	21,320	20,422
Net decrease in noncontrolling interests	-	-	-	-	-	-	-	-	-	(763)	(763)
BALANCE, DECEMBER 31, 2019	77,574,465	171,255,985	77,574,465	2,675,419	46,341,361	(148,377)	836,598	327	376,110,243	10,283,522	386,393,765
Appropriation of 2019 earnings											
Cash dividends distributed by Chunghwa	-	-	-	-	(32,782,969)	-	-	-	(32,782,969)	-	(32,782,969)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(775,420)	(775,420)
Unclaimed dividend	-	1,605	-	-	-	-	-	-	1,605	-	1,605
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	(21,918)	-	-	-	-	-	-	(21,918)	(1,817)	(23,735)
Change in additional paid-in capital for not proportionately participating in the capital increase of subsidiaries	-	(103)	-	-	-	-	-	-	(103)	103	-
Net income for the year ended December 31, 2020	-	-	-	-	33,406,130	-	-	-	33,406,130	1,299,413	34,705,543
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	936,958	(166,154)	419,989	1,425	1,192,218	(17,302)	1,174,916
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	34,343,088	(166,154)	419,989	1,425	34,598,348	1,282,111	35,880,459
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	16,686	-	(16,686)	-	-	-	-
Share-based payment transactions of subsidiaries	-	25,810	-	-	-	-	-	-	25,810	63,063	88,873
Net increase in noncontrolling interests	-	-	-	-	-	-	-	-	-	475,879	475,879
BALANCE, DECEMBER 31, 2020	$ 77,574,465	$ 171,261,379	$ 77,574,465	$ 2,675,419	$ 47,918,166	$ (314,531)	$ 1,239,901	$ 1,752	$ 377,931,016	$ 11,327,441	$ 389,258,457

The accompanying notes are an integral part of the consolidated financial statements.

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 42,830,971	$ 41,749,792
Adjustments for:		
Depreciation	30,942,330	30,922,991
Amortization	5,424,367	4,252,602
Amortization of incremental costs of obtaining contracts	771,875	1,173,492
Expected credit loss (reversal of credit loss)	44,885	(125,111)
Interest expenses	206,063	104,142
Interest income	(115,922)	(250,787)
Dividend income	(246,084)	(296,360)
Compensation cost of share-based payment transactions	7,578	1,597
Share of profits of associates and joint ventures accounted for using equity method	(242,745)	(462,140)
Loss (gain) on disposal of property, plant and equipment	(1,427,984)	37,785
Gain on disposal of investment properties	(151,357)	-
Loss on disposal of intangible assets	1,858	146
Loss (gain) on disposal of financial instruments	1,788	(3,944)
Gain on disposal of investments accounted for using equity method	(15,946)	(30,152)
Provision for impairment loss and obsolescence of inventory	1,161,281	474,709
Impairment loss on property, plant and equipment	-	93,073
Reversal of impairment loss on investment properties	(27,066)	(56,617)
Impairment loss on intangible assets	9,303	8,946
Impairment loss on other assets	-	43,971
Valuation loss on financial assets and liabilities at fair value through profit or loss, net	99,150	38,314
Others	3,139	(26,524)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Contract assets	(202,628)	172,489
Trade notes and accounts receivable	4,071,260	4,038,731
Receivables from related parties	(213,862)	7,436
Inventories	3,915,328	(2,698,270)
Prepayments	173,243	114,991
Other current monetary assets	354,739	(154,780)
Other current assets	155,324	146,420
Incremental cost of obtaining contracts	(828,816)	(781,114)
Increase (decrease) in:		
Contract liabilities	(3,289,055)	6,701,313
Trade notes and accounts payable	21,015	(5,151,740)
Payables to related parties	(8,039)	(263,968)
Other payables	(924,186)	697,351

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Provisions	$ 94,589	$ 97,497
Other current liabilities	46,303	(159,881)
Net defined benefit plans	(173,970)	533,787
Cash generated from operations	82,468,729	80,950,187
Interest paid	(161,251)	(104,142)
Income tax paid	(7,851,522)	(8,419,360)
Net cash provided by operating activities	74,455,956	72,426,685
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(85,246)	(60,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income	297,476	-
Proceeds from return of financial assets at fair value through other comprehensive income	-	9,167
Acquisition of financial assets at fair value through profit or loss	(39,253)	(443,064)
Proceeds from disposal of financial assets at fair value through profit or loss	29,741	146,560
Acquisition of time deposits and negotiable certificates of deposit with maturities of more than three months	(5,215,859)	(14,381,653)
Acquisition of repurchase agreements collateralized by bonds with maturities of more than three months	-	(14,990)
Proceeds from disposal of time deposits and negotiable certificates of deposit with maturities of more than three months	6,630,359	16,519,781
Proceeds from disposal of repurchase agreements collateralized by bonds with maturities of more than three months	15,335	-
Acquisition of investments accounted for using equity method	(10,200)	(4,190,000)
Proceeds from disposal of investments accounted for using equity method	-	32,470
Acquisition of property, plant and equipment	(23,510,820)	(24,165,857)
Proceeds from disposal of property, plant and equipment	319,089	48,157
Acquisition of intangible assets	(47,605,187)	(362,718)
Acquisition of investment properties	(54,435)	(523)
Proceeds from disposal of investment properties	188,300	-
Increase in other noncurrent assets	(207,616)	(1,122,142)
Interest received	124,653	256,432
Dividends received	515,918	602,086
Net cash inflow on acquisition of subsidiaries	354,056	-
Net cash used in investing activities	(68,253,689)	(27,126,294)

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	$ 115,000	$ 575,000
Repayment of short-term loans	(142,000)	(585,000)
Proceeds from short-term bills payable	41,000,000	-
Repayment of short-term bills payable	(34,000,000)	-
Proceeds from issuance of bonds	20,000,000	-
Payments for transaction costs attributable to the issuance of bonds	(21,038)	-
Increase in customers' deposits	61,757	7,311
Payments for the principal of lease liabilities	(3,683,204)	(3,727,792)
Increase in other noncurrent liabilities	343,275	232,357
Cash dividends paid	(32,782,969)	(34,745,603)
Cash dividends distributed to noncontrolling interests	(775,420)	(709,817)
Change in other noncontrolling interests	81,295	18,062
Unclaimed dividend	1,605	1,266
Net cash used in financing activities	(9,801,699)	(38,934,216)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(30,556)	38,688
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,629,988)	6,404,863
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	34,049,643	27,644,780
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 30,419,655	$ 34,049,643

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL

Chunghwa Telecom Co., Ltd. ("Chunghwa") was incorporated on July 1, 1996 in the Republic of China ("ROC"). Chunghwa is a company limited by shares and, prior to August 2000, was wholly owned by the Ministry of Transportation and Communications ("MOTC"). Prior to July 1, 1996, the current operations of Chunghwa were carried out under the Directorate General of Telecommunications ("DGT"). The DGT was established by the MOTC in June 1943 to take primary responsibility in the development of telecommunications infrastructure and to formulate policies related to telecommunications. On July 1, 1996, the telecom operations of the DGT were spun-off as Chunghwa which continues to carry out the business and the DGT continues to be the industry regulator.

Effective August 12, 2005, the MOTC completed the process of privatizing Chunghwa by reducing the government ownership to below 50% in various stages. In July 2000, Chunghwa received approval from the Securities and Futures Commission (the "SFC") for a domestic initial public offering and its common stocks were listed and traded on the Taiwan Stock Exchange (the "TWSE") on October 27, 2000. Certain of Chunghwa's common stocks were sold, in connection with the foregoing privatization plan, in domestic public offerings at various dates from August 2000 to July 2003. Certain of Chunghwa's common stocks were also sold in an international offering of securities in the form of American Depository Shares ("ADS") on July 17, 2003 and were listed and traded on the New York Stock Exchange (the "NYSE"). The MOTC sold common stocks of Chunghwa by auction in the ROC on August 9, 2005 and completed the second international offering on August 10, 2005. Upon completion of the share transfers associated with these offerings on August 12, 2005, the MOTC owned less than 50% of the outstanding shares of Chunghwa and completed the privatization plan.

Chunghwa together with its subsidiaries are hereinafter referred to collectively as the "Company".

The consolidated financial statements are presented in Chunghwa's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on February 23, 2021.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (the "FSC") (collectively, the Taiwan-IFRS").

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values and net defined benefit liabilities (assets) which are measured at the present value of the defined benefit obligations less the fair value of plan assets.

Current and Noncurrent Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within twelve months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within twelve months after the reporting period; and

c. Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as noncurrent.

Light Era Development Co., Ltd. (LED) engages mainly in development of property for rent and sale. The assets and liabilities of LED related to property development within its operating cycle, which is over one year, are classified as current items.

Basis of Consolidation

a. Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of Chunghwa and entities controlled by Chunghwa (its subsidiaries).

Income and expenses of subsidiaries acquired are included in the consolidated statement of comprehensive income from the acquisition date.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Company.

All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

Attribution of total comprehensive income to noncontrolling interests

Total comprehensive income of subsidiaries is attributed to the stockholders of the parent and to the noncontrolling interests even if it results in the noncontrolling interests having a deficit balance.

Changes in the Company's ownership interests in subsidiaries

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to stockholders of the parent.

b. The subsidiaries in the consolidated financial statements

The detail information of the subsidiaries at the end of reporting period was as follows:

			Percentage of Ownership Interests		
			December 31		
Name of Investor	Name of Investee	Main Businesses and Products	2020	2019	Note
Chunghwa Telecom Co., Ltd.	Senao International Co., Ltd. ("SENAO")	Handset and peripherals retailer, sales of CHT mobile phone plans as an agent	28	28	a)
	Light Era Development Co., Ltd. ("LED")	Planning and development of real estate and intelligent buildings, and property management	100	100	
	Donghwa Telecom Co., Ltd. ("DHT")	International private leased circuit, IP VPN service, and IP transit services	100	100	
	Chunghwa Telecom Singapore Pte., Ltd. ("CHTS")	International private leased circuit, IP VPN service, and IP transit services	100	100	
	Chunghwa System Integration Co., Ltd. ("CHSI")	Providing system integration services and telecommunications equipment	100	100	
	Chunghwa Investment Co., Ltd. ("CHI")	Investment	89	89	
	CHIEF Telecom Inc. ("CHIEF")	Network integration, internet data center ("IDC"), communications integration and cloud application services	56	57	b)
	CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	Digital information supply services and advertisement services	100	100	
	Prime Asia Investments Group Ltd. (B.V.I.) ("Prime Asia")	Investment	100	100	
	Spring House Entertainment Tech. Inc. ("SHE")	Software design services, internet contents production and play, and motion picture production and distribution	56	56	c)
	Chunghwa Telecom Global, Inc. ("CHTG")	International private leased circuit, internet services, and transit services	100	100	
	Chunghwa Telecom Vietnam Co., Ltd. ("CHTV")	Intelligent energy saving solutions, international circuit, and information and communication technology ("ICT") services	100	100	
	Smartfun Digital Co., Ltd. ("SFD")	Providing diversified family education digital services	65	65	
	Chunghwa Telecom Japan Co., Ltd. ("CHTJ")	International private leased circuit, IP VPN service, and IP transit services	100	100	
	Chunghwa Sochamp Technology Inc. ("CHST")	Design, development and production of Automatic License Plate Recognition software and hardware	51	51	
	Honghwa International Co., Ltd. ("HHI")	Telecommunications engineering, sales agent of mobile phone plan application and other business services, etc.	100	100	
	Chunghwa Leading Photonics Tech Co., Ltd. ("CLPT")	Production and sale of electronic components and finished products	75	75	
	Chunghwa Telecom (Thailand) Co., Ltd. ("CHTT")	International private leased circuit, IP VPN service, ICT and cloud VAS services	100	100	d)

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership Interests December 31 2020	2019	Note
	CHT Security Co., Ltd. (“CHTSC”)	Computing equipment installation, wholesale of computing and business machinery equipment and software, management consulting services, data processing services, digital information supply services and internet identify services	80	80	
	International Integrated Systems, Inc. (“IISI”)	IT solution provider, IT application consultation, system integration and package solution	51	-	e)
Senao International Co., Ltd.	Senao International (Samoa) Holding Ltd. (“SIS”)	International investment	100	100	f)
	Youth Co., Ltd. (“Youth”)	Sale of information and communication technologies products	96	93	g)
	Aval Technologies Co., Ltd. (“Aval”)	Sale of information and communication technologies products	100	100	
	Senyoung Insurance Agent Co., Ltd. (“SENYOUNG”)	Property and liability insurance agency	100	100	
Youth Co., Ltd.	ISPOT Co., Ltd. (“ISPOT”)	Sale of information and communication technologies products	100	100	
	Youyi Co., Ltd. (“Youyi”)	Maintenance of information and communication technologies products	100	100	
Aval Technologies Co., Ltd.	Wiin Technology Co., Ltd. (“Wiin”)	Sale of information and communication technologies products	100	100	h)
Senyoung Insurance Agent Co., Ltd.	Senaolife Insurance Agent Co., Ltd. (“Senaolife”)	Life insurance services	100	100	i)
Light Era Development Co., Ltd.	Taoyuan Asia Silicon Valley Innovation Co., Ltd. (“TASVI”)	Development of real estate	-	-	j)
CHIEF Telecom Inc.	Unigate Telecom Inc. (“Unigate”)	Telecommunications and internet service	100	100	
	Chief International Corp. (“CIC”)	Telecommunications and internet service	100	100	
	Shanghai Chief Telecom Co., Ltd. (“SCT”)	Telecommunications and internet service	49	49	k)
Chunghwa Investment Co., Ltd.	Chunghwa Precision Test Tech. Co., Ltd. (“CHPT”)	Production and sale of semiconductor testing components and printed circuit board	34	34	l)
Chunghwa Precision Test Tech. Co., Ltd.	Chunghwa Precision Test Tech. USA Corporation (“CHPT (US)”)	Design and after-sale services of semiconductor testing components and printed circuit board	100	100	
	CHPT Japan Co., Ltd. (“CHPT (JP)”)	Related services of electronic parts, machinery processed products and printed circuit board	100	100	
	Chunghwa Precision Test Tech. International, Ltd. (“CHPT (International)”)	Wholesale and retail of electronic materials, and investment	100	100	
Senao International (Samoa) Holding Ltd.	Senao International HK Limited (“SIHK”)	International investment	100	100	m)
Senao International HK Limited	Senao Trading (Fujian) Co., Ltd. (“STF”)	Sale of information and communication technologies products	-	-	n)
	Senao International Trading (Shanghai) Co., Ltd. (“SITS”)	Sale of information and communication technologies products	100	100	o)
	Senao International Trading (Jiangsu) Co., Ltd. (“SITJ”)	Sale of information and communication technologies products	-	-	p)

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership Interests December 31 2020	2019	Note
Prime Asia Investments Group Ltd. (B.V.I.)	Chunghwa Hsingta Co., Ltd. (“CHC”)	Investment	100	100	
Chunghwa Hsingta Co., Ltd.	Chunghwa Telecom (China) Co., Ltd. (“CTC”)	Integrated information and communication solution services for enterprise clients, and intelligent energy network service	100	100	q)
Chunghwa Precision Test Tech. International, Ltd.	Shanghai Taihua Electronic Technology Limited (“STET”)	Design of printed circuit board and related consultation service	100	100	
	Su Zhou Precision Test Tech. Ltd. (“SZPT”)	Assembly processed of circuit board, design of printed circuit board and related consultation service	100	100	r)
International Integrated Systems, Inc.	Infoexplorer International Co., Ltd.(“IESA”)	Investment	100	-	s)
	IISI Investment Co., Ltd. (“IICL”)	Investment	100	-	s)
	Unitronics Technology Corp. (“UTC”)	Development and maintenance of information system	99.96	-	s)
Infoexplorer International Co., Ltd.	International Integrated Systems (Hong Kong) Limited (“IEHK”)	Investment and technical consulting service	100	-	s)
IISI Investment Co., Ltd.	Leading Tech Co., Ltd. (“LTCL”)	Investment	100	-	s)
Leading Tech Co., Ltd.	Leading Systems Co., Ltd. (“LSCL”)	Investment	100	-	s)
Leading Systems Co., Ltd.	International Integrated Systems Inc. (Shanghai) (“IISS”)	Development and maintenance of information system	100	-	s)
International Integrated Systems Inc. (Shanghai)	Huiyu Shanghai Management Consultancy Co., Ltd. (“HSMC”)	Development and maintenance of information system	-	-	s) t)

(Concluded)

a) Chunghwa continues to control six out of eleven seats of the Board of Directors of SENAO through the support of large beneficial stockholders. As a result, the Company treated SENAO as a subsidiary.

b) CHIEF issued new shares in March 2019, November 2019, March 2020 and December 2020 as its employees exercised options. Therefore, the Company’s ownership interest in CHIEF decreased to 59.75% and 59.08% as of December 31, 2019 and 2020, respectively.

c) SHE reduced 19.72% of its capital to offset accumulated deficits in December 2019 and the Company’s ownership interest in SHE remained the same.

d) The Company increased its investment in CHTT proportionally in October 2019 and the Company’s ownership interest in CHTT remained the same.

e) Chunghwa obtained 20.38% ownership interest in IISI in July 2020 and Chunghwa's ownership interest in IISI increased to 51.54% by considering the previously held ownership interest in IISI. Chunghwa obtained over half of the seats of the Board of Directors of IISI; therefore, Chunghwa gained control over IISI and treated it as a subsidiary. IISI issued new shares in September 2020 as its employees exercised options; therefore, the Company's ownership interest in IISI decreased to 51.20% as of December 31, 2020.

f) SIS reduced and returned its capital to its stakeholders in November 2020. The Company's ownership interest in SIS remained the same.

g) SENAO subscribed for all the shares in the capital increase of Youth in April 2020. Therefore, the Company's ownership interest in Youth increased from 92.89% to 95.79%.

h) Aval invested 100% equity shares of Wiin Technology Co., Ltd. ("Wiin") in September 2019.

i) SENYOUNG invested 100% equity shares of Senaolife Insurance Agent Co., Ltd. ("Senaolife") in November 2019.

j) TASVI completed its liquidation in September 2019.

k) CHIEF has two out of three seats of the Board of Directors of SCT according to the mutual agreements among stockholders and gained control over SCT; hence, SCT is deemed as a subsidiary of the Company.

l) Though the Company's ownership interest in CHPT is less than 50%, the management considered the absolute and relative size of ownership interest, and the dispersion of shares owned by the other stockholders and concluded that the Company has a sufficiently dominant voting interest to direct the relevant activities; hence, CHPT is deemed as a subsidiary of the Company.

m) SIHK reduced and returned its capital to its stakeholders in November 2020. The Company's ownership interest in SIHK remained the same.

n) STF completed its liquidation in May 2019.

o) SITS was approved to end and dissolve its business in December 2020. The liquidation of SITS is still in process.

p) SITJ completed its liquidation in March 2019.

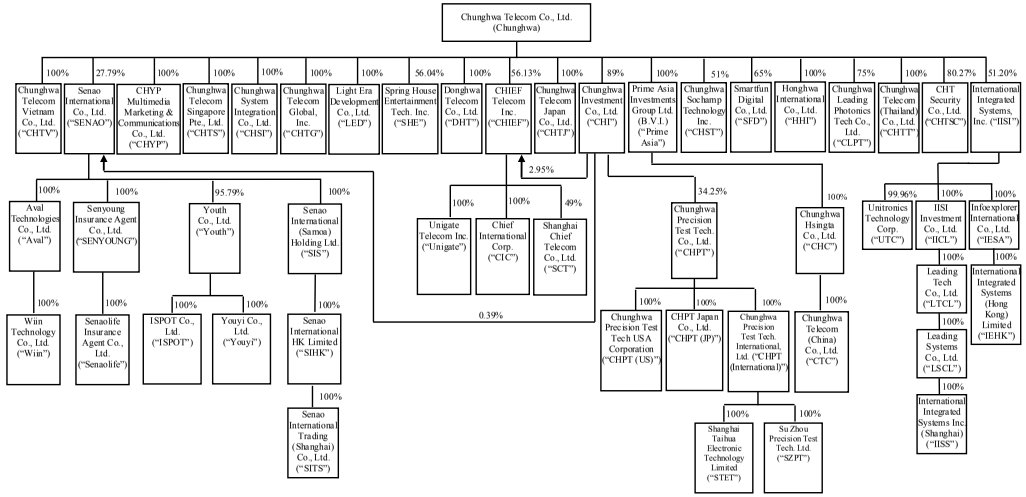
q) CTC was approved to end and dissolve its business in August 2020. The liquidation of CTC is still in process.

r) CHPT (International) invested 100% equity shares of Su Zhou Precision Test Tech. Ltd. ("SZPT") in October 2019.

s) It is a subsidiary of IISI.

t) HSMC completed its liquidation in December 2020.

The following diagram presented information regarding the relationship and percentages of ownership interests between Chunghwa and its subsidiaries as of December 31, 2020.



Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

When a business combination is achieved in stages, the Company's previously held equity interest in an acquiree is remeasured to fair value at the acquisition date and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required had those interests been directly disposed of by the Company.

Foreign Currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined and related exchange differences are recognized in profit or loss. Conversely, when the fair value changes were recognized in other comprehensive income, related exchange difference shall be recognized in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations (including of the subsidiaries, associates and joint ventures in other countries or currencies used different with Chunghwa) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and attributed to stockholders of the parent and noncontrolling interests as appropriate.

Cash Equivalents

Cash equivalents include commercial paper, negotiable certificates of deposit, time deposits, repurchase agreements collateralized by bonds with original maturities within three months from the date of acquisition and triple stimulus vouchers, highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

Inventories

Inventories are stated at the lower of cost or net realizable value item by item, except for those that may be appropriate to group items of similar or related inventories. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. The calculation of the cost of inventory is derived using the weighted-average method.

Buildings and Land Consigned to Construction Contractors

Inventories of LED are stated at the lower of cost or net realizable value item by item, except for those that may be appropriate to group as similar items or related inventories. Land acquired before construction is classified as land held for development, and then reclassified as land held under development after LED begins its construction project.

Upon the completion of the construction project, LED recognizes revenues in the amount of proceeds from customers for land and buildings and related costs when ownership is transferred to the customers. The unsold portion of the completed construction project is transferred to land and building held for sale.

Investments in Associates and Joint Ventures

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Company and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments accounted for using the equity method include investments in associates and interests in joint ventures. Under the equity method, an investment in an associate or a joint venture is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate and joint venture as well as the distribution received. The Company also recognizes its share in changes in the associates and joint ventures.

When the Company subscribes for new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate and joint venture. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to additional paid-in capital. When the adjustment should be debited to additional paid-in capital but the additional paid-in capital recognized from investments accounted for using equity method is insufficient, the shortage is debited to retained earnings.

Any excess of the cost of acquisition over the Company's share of the fair value of the identifiable net assets and liabilities of an associate and a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and shall not be amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and joint venture. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate and joint venture directly disposed of the related assets or liabilities.

When the Company transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Company's consolidated financial statements only to the extent of interests in the associate and joint venture that are not related to the Company.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. Freehold land is not depreciated. The estimated useful lives, residual values and depreciation method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period in which the property is derecognized.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer from the investment properties to property, plant and equipment, the deemed cost of the property, plant and equipment for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a transfer from the property, plant and equipment to investment properties, the deemed cost of the investment properties for subsequent accounting is its carrying amount at the end of owner-occupation.

For a contract where a land owner provides land for the construction of buildings by a property developer in exchange for a certain percentage of the buildings, any exchange gain or loss is recognized when the exchange transaction occurs if the exchange transaction has commercial substance.

On derecognition of the investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period in which the property is derecognized.

Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units or groups of cash-generating units (referred to as "cash-generating unit") that are expected to benefit from the synergies of the business combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Intangible Assets Other Than Goodwill

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Company expects to dispose of the intangible asset before the end of its economic life.

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss in the period in which the asset is derecognized.

Impairment of Property, Plant and Equipment, Right-of-use Assets, Intangible Assets Other Than Goodwill and Incremental Costs of Obtaining Contracts

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Impairment loss from the assets related to incremental cost of obtaining contracts is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement category

a) Financial assets at fair value through profit or loss (FVTPL)

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at fair value through other comprehensive income (FVOCI).

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend earned on the financial asset. Fair value is determined in the manner described in Note 37.

b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss, except for short-term receivables as the effect of discounting is immaterial. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such financial assets.

c) Investments in equity instruments at FVOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments. Instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

The Company recognizes lifetime Expected Credit Loss (ECL) for accounts receivable and contract assets. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of investments in equity instruments at FVOCI in its entirety, the cumulative gain or loss is directly transferred to retained earnings, and it is not reclassified to profit or loss.

b. Financial liabilities

1) Subsequent measurement

Except for financial liabilities at FVTPL, all the financial liabilities are subsequently measured at amortized cost using the effective interest method.

2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

c. Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including forward exchange contracts.

Derivatives are initially measured at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss

depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Hedge Accounting

The Company designates some derivatives instruments as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and are included in the initial cost of the non-financial asset or non-financial liability.

The Company discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Provisions

Provisions are measured at the best estimate of the expenditure required to settle the Company's obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The provisions for warranties claims are made by management according to the sales agreements which represent the management's best estimate of the future outflow of economic benefits. The provisions of warranties claims are recognized as operating cost in the period in which the goods are sold. The provision for onerous contracts represents the present obligation resulting from the measurement for the unavoidable costs of meeting the Company's contractual obligations exceed the economic benefits expected to be received from the contracts.

Revenue Recognition

The Company identifies the performance obligations in the contract with the customers, allocates transaction price to each performance obligation and recognizes revenue when performance obligations are satisfied.

Sales of products are recognized as revenue when the Company delivers products and the customer accepts and controls the product. Except for the consumer electronic products such as mobile devices sold in channel stores which are usually in cash sale, the Company recognizes revenues for sale of other electronic devices and corresponding trade notes and accounts receivable.

Usage revenues from fixed-line services (including local, domestic long distance and international long distance telephone services), mobile services, internet and data services, and interconnection and call transfer fees from other telecommunications companies and carriers are billed in arrears and are recognized based upon seconds or minutes of traffic processed when the services are provided in accordance with contract terms. The usage revenues and corresponding trade notes and accounts receivable are recognized monthly.

Other revenues are recognized as follows: (a) one-time subscriber connection fees (on fixed-line services) are first recognized as contract liabilities and revenues are recognized subsequently over the average expected customer service periods, (b) monthly fees (on fixed-line services, mobile, internet and data services) and related receivables are accrued monthly, and (c) prepaid services (fixed-line, mobile, internet and data services) are recognized as contract liabilities upon collection considerations from customers and are recognized as revenues subsequently based upon actual usage by customers.

Where the Company enters into transactions which involve both the provision of telecommunications service bundled with products such as handsets, total consideration received from products and telecommunications service in these arrangements are allocated based on their relative stand-alone selling price. The amount of sales revenue recognized for products is not limited to the amount paid by the customer for the products. When the amount of sales revenue recognized for products exceeded the amount paid by the customer for the products, the difference is recognized as contract assets. Contract assets are reclassified to accounts receivable when the amounts become collectible from customers subsequently. When the amount of sales revenue recognized for products was less than the amount paid by the customer for the products, the difference is recognized as contract liabilities and revenues are recognized subsequently when the telecommunications service are provided.

For project business contracts, if a substantial part of the Company's promise to customers is to manage and coordinate the various tasks and assume the risks of those tasks to ensure the individual goods or services are incorporated into the combined output, they are treated as a single performance obligation since the Company provides a significant integration service. The Company recognizes revenues and corresponding accounts receivable when the project business contract is completed and accepted by customers. For some project contracts, the Company does not create an asset with an alternative use to the Company and has an enforceable right to payment for performance completed to date; therefore, performance obligations are satisfied and revenues are recognized over time.

For service contracts such as maintenance and warranties, customers simultaneously receive and consume the benefits provided by the Company; thus, revenues and corresponding accounts receivable of service contracts are recognized over the related service period.

When another party is involved in providing goods or services to a customer, the Company is acting as a principal if it controls the specified good or service before that good or service is transferred to a customer; otherwise, the Company is acting as an agent. When the Company is acting as a principal, gross inflow of economic benefits arising from transactions is recognized as revenue. When the Company is acting as an agent, revenue is recognized as its share of transaction.

Incremental Costs of Obtaining Contracts

Commissions and equipment subsidy related to telecommunications service as a result of obtaining contracts are recognized as an asset under the incremental costs of obtaining contracts to the extent the costs are expected to be recovered and are amortized over the contract period. However, the Company elects not to capitalize the incremental costs of obtaining contracts if the amortization period of the assets that the Company otherwise would have recognized is expected to be one year or less.

Leasing

At inception of a contract, the Company assesses whether the contract is, or contains, a lease.

a. The Company as lessor

   Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

b. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for lease payments for low-value assets are recognized as expenses on a straight-line basis over the lease terms accounted for applying recognition exemption.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities and for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented separately on the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line basis from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities were initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If such rate cannot be readily determined, the lessee's incremental borrowing rate is used.

Lease liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. The Company accounts for the remeasurement of the lease liability as a result of the decrease of lease scope by decreasing the carrying amount of the right-of-use assets and recognizes in profit or loss any gain or loss on the partial or full termination of the lease. Lease liabilities are presented separately on the consolidated balance sheets.

Variable lease payments not depending on an index or a rate are recognized as expenses in the periods in which they are incurred.

Borrowing Costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to government grants and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses of the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should construct noncurrent assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Employee Benefits

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and gains or losses on settlements) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising (a) actuarial gains and losses; and (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

Share-based Payment Arrangements - Employee Stock Options

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's estimate of employee stock options that are expected to ultimately vest, with a corresponding increase in additional paid-in capital - employee stock options. If the equity instruments granted vest immediately at the grant date, expenses are recognized in full in profit or loss.

At the end of each reporting period, the Company revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to additional paid-in capital - employee stock options.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Income tax payable or recoverable is based on taxable profit or loss for the period determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax of unappropriated earnings is provided for in the year the stockholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. A deferred tax liability is not recognized on taxable temporary difference arising from initial recognition of goodwill.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits from purchases of machinery, equipment and technology and research, and development expenditures, etc. to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred tax are also recognized in other comprehensive income.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY AND ASSUMPTION

In the application of the Company's accounting policies, the management is required to make judgments, estimates and assumptions which are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by the management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Critical accounting judgments

1) Revenue recognition

The Company's project agreements are mainly to provide one or more customized equipment or services to customers. In order to fulfill the agreements, another party may be involved in some agreements. The Company considers the following factors to determine whether the Company is a principal of the transaction: whether the Company is the primary obligation provider of the agreements, its exposures to inventory risks and the discretion in establishing prices, etc. The determination of whether the Company is a principal or an agent will affect the amount of revenue recognized by the Company. Only when the Company is acting as a principal, gross inflows of economic benefits arising from transactions is recognized as revenue.

2) Control over subsidiaries

As discussed in Note 3, "Summary of Significant Accounting Policies - Basis of Consolidation", some entities are subsidiaries of the Company although the Company only owns less than 50% ownership interests in these entities. After considering the Company's absolute size of holding in the entity and the relative size of and the dispersion of shares owned by the other stockholders, and the contractual arrangements between the Company and other investors, potential voting interests and the written agreement between stockholders, the management concluded that the Company has a sufficiently dominant voting interest to direct the relevant activities of the entity and therefore the Company has control over these entities.

b. Key sources of estimation uncertainty and assumption

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period. Actual results may differ from these estimates.

1) Impairment of trade notes and accounts receivable

The provision for impairment of trade notes and accounts receivable is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's past experience, current market conditions as well as forward looking information at the end of each reporting period. For details of the key assumptions and inputs used, see Note 9. Where the actual future cash flows are less than expected, a material impairment loss may arise.

2) Fair value measurements and valuation processes

For the assets and liabilities measured at fair value without quoted prices in active markets, the Company's management determines the appropriate valuation techniques for the fair value measurements and whether to engage third party qualified appraisers based on the related regulations and professional judgments.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities was disclosed in Note 37. If the actual changes of inputs in the future differ from expectation, the fair value may vary accordingly. The Company updates inputs periodically to monitor the appropriateness of the fair value measurement.

3) Provision for inventory valuation and obsolescence

Inventories are stated at the lower of cost or net realizable value. Net realizable value is calculated as the estimated selling price less the estimated selling costs. Comparison of net realizable value and cost is determined on an item by item basis, except for those similar items which could be categorized into the same groups. The Company uses the inventory holding period and turnover as the evaluation basis for inventory obsolescence losses.

4) Impairment of property, plant and equipment, right-of-use assets and intangible assets

When an indication of impairment is assessed with objective evidence, the Company considers whether the recoverable amount of an asset is less than its carrying amount and recognizes the impairment loss based on difference between the recoverable amount and its carrying amount. The estimate of recoverable amount would impact on the timing and the amount of impairment loss recognition.

5) Useful lives of property, plant and equipment

As discussed in Note 3, "Summary of Significant Accounting Policies - Property, Plant and Equipment", the Company reviews estimated useful lives of property, plant and equipment at the end of each year.

6) Recognition and measurement of defined benefit plans

Net defined benefit liabilities (assets) and the resulting pension expense under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, employee turnover rate, average future salary increase and etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

7) Lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for relevant duration and the same currency is selected as a reference rate. The lessee's credit spread adjustments and lease specific adjustments are also taken into account.

5. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC

The initial application of the amendments to the IFRS, IAS, IFRIC and SIC issued by the International Accounting Standards Board and endorsed and issued into effect by the FSC does not have material impacts on the Company's consolidated financial statements.

b. Amendments to IFRSs endorsed by the FSC for application starting from January 1, 2021

New, Revised or Amended Standards and Interpretations		Effective Date Issued by IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform-Phase 2	January 1, 2021

The application of the above new, revised or amended standards and interpretations will not have material impact on the Company's consolidated financial statements.

c. IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations		Effective Date Announced by IASB (Note 1)
Amendments to IFRSs	Annual Improvements to IFRS Standards 2018-2020	January 1, 2022 (Note 2)
Amendments to IFRS 3	Reference to the Conceptual Framework	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	To be determined by IASB
Amendments to IAS 1	Classification of liabilities as current or noncurrent	January 1, 2023
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use	January 1, 2022 (Note 4)
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	January 1, 2022 (Note 5)

Note 1： Unless stated otherwise, the above new IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2： The amendments to IFRS 9 are applied prospectively to financial liabilities that are exchanged or modified on or after the annual reporting periods beginning on or after January 1, 2022.

Note 3： The amendments are applicable to business combinations for which the acquisition date is on or after the annual reporting period beginning on or after January 1, 2022.

Note 4： The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5： The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company's financial position and operating result and will disclose the relevant impact when the assessment is completed.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash		
Cash on hand	$ 486,989	$ 353,499
Bank deposits	10,961,220	9,432,814
	11,448,209	9,786,313
Cash equivalents (investments with maturities of less than three months)		
Commercial paper	14,060,568	20,109,823
Negotiable certificates of deposit	2,600,000	1,700,000
Time deposits	2,307,892	2,450,509
Repurchase agreements collateralized by bonds	-	2,998
Triple stimulus vouchers	2,986	-
	18,971,446	24,263,330
	$ 30,419,655	$ 34,049,643

The annual yield rates of bank deposits, commercial paper, negotiable certificates of deposit, time deposits and repurchase agreements collateralized by bonds as of balance sheet dates were as follows:

	December 31	
	2020	2019
Bank deposits	0.00%-0.40%	0.00%-0.74%
Commercial paper	0.14%-0.26%	0.47%-0.54%
Negotiable certificates of deposit	0.24%-0.30%	0.58%-0.60%
Time deposits	0.10%-3.60%	0.09%-4.40%
Repurchase agreements collateralized by bonds	-	1.90%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
Financial assets-current		
Mandatorily measured at FVTPL		
Derivatives (not designated for hedge)		
Forward exchange contracts	$ 2,271	$ 53
Non-derivatives		
Listed stocks - domestic	7,626	463
	$ 9,897	$ 516
Financial assets-noncurrent		
Mandatorily measured at FVTPL		
Non-derivatives		
Non-listed stocks - domestic	$ 441,095	$ 510,801
Non-listed stocks - foreign	236,107	267,304
	$ 677,202	$ 778,105

(Continued)

	December 31	
	2020	2019
Financial liabilities-current		
Held for trading		
Derivatives (not designated for hedge)		
Forward exchange contracts	$ 143	$ 239

(Concluded)

The Company increased its investment in Taiwania Capital Buffalo Fund Co., Ltd. proportionally for 300,000 thousand in October 2019 and the Company's ownership interest in Taiwania Capital Buffalo Fund Co., Ltd. remained at 12.90%.

Outstanding forward exchange contracts not designated for hedge as of balance sheet dates were as follows:

	Currency	Maturity Period	Contract Amount (In Thousands)
December 31, 2020			
Forward exchange contracts - buy	NT$/EUR	2021.03	NT$50,435/EUR1,500
Forward exchange contracts - sell	US$/NT$	2021.02-03	US$13,500/NT$379,472
December 31, 2019			
Forward exchange contracts - buy	NT$/EUR	2020.03	NT$50,910/EUR1,500
Forward exchange contracts - buy	NT$/US$	2020.01	NT$25,524/US$850

The Company entered into the above forward exchange contracts to manage its exposure to foreign currency risk due to fluctuations in exchange rates. However, the aforementioned derivatives did not meet the criteria for hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT

	December 31	
	2020	2019
Domestic investments		
Listed stocks	$ 2,754,175	$ 2,453,616
Non-listed stocks	4,324,592	4,680,931
Foreign investments		
Non-listed stocks	114,407	134,370
	$ 7,193,174	$ 7,268,917

The Company holds the above foreign and domestic stocks for medium to long-term strategic purposes and expects to profit from long-term investment. Accordingly, the management elected to designate these investments in equity instruments at FVOCI as they believe that recognizing short-term fair value fluctuations of these investments in profit or loss is not consistent with the Company's strategy of holding these investments for long-term purposes.

The Company holds Powtec Electro Chemical Corporation ("Powtec") as financial assets at FVOCI. The Board of Directors of Powtec resolved in February 2020 to file a petition with court for the declaration of its bankruptcy which was adjudged by the court in April 2020. The Company evaluated and determined the fair value of such investment was nil after its declaration of bankruptcy.

The Company disposed a portion of its investment in China Airlines, Ltd. at fair value of $567,797 thousand in December 2020. As of December 31, 2020, the settlement of funds/securities amounting to $270,321 thousand had not been completed. The related unrealized gain on investments in equity instruments at fair value through other comprehensive income of $16,686 thousand was transferred from other equity to retained earnings upon the aforementioned disposal.

The Company recognized dividend income of $246,084 thousand and $296,360 thousand for the years ended December 31, 2020 and 2019, respectively, from the investments still held on December 31, 2020 and 2019.

9. TRADE NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2020	2019
Trade notes and accounts receivable	$ 24,776,266	$ 28,767,539
Less: Loss allowance	(2,154,364)	(2,359,756)
	$ 22,621,902	$ 26,407,783

The main credit terms range from 30 to 90 days.

The Company serves a large consumer base for telecommunications business; therefore, the concentration of credit risk is limited. When having transactions with customers, the Company considers the record of arrears in the past. In addition, the Company may also collect some telecommunication charges in advance to reduce the payment arrears in subsequent periods.

The Company adopted a policy of dealing with counterparties with certain credit ratings for project business and to obtain collateral where necessary to mitigate the risk of loss arising from defaults. Credit rating information is provided by independent rating agencies where available and, if such credit rating information is not available, the Company uses other publicly available financial information and its own historical transaction experience to rate its major customers. The Company continues to monitor the credit exposure and credit ratings of its counterparties and spread the credit risk amongst qualified counterparties.

In order to mitigate credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure the recoverability of receivables. In addition, the Company reviews the recoverable amount of receivables at balance sheet dates to ensure that adequate allowance is provided for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk could be reasonably reduced.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for receivables. The expected credit losses on receivables are estimated using a provision matrix by reference to past default experience of the customers and an analysis of the customers' current financial positions, as well as the forward-looking indicators such as macroeconomic business indicator.

When there is evidence indicating that the counterparty is in evasion, bankruptcy, deregistration of its company or the accounts receivable are over two years past due and the recoverable amount cannot be reasonable estimated, the Company writes off the trade notes and accounts receivable. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

Except for receivables arising from telecommunications business and project business, the Company's remaining accounts receivable are limited. Therefore, only Chunghwa's provision matrix arising from telecommunications business and project business is disclosed below:

December 31, 2020

	Not Past Due	Past Due Less than 30 Days	Pass Due 31 to 60 Days	Pass Due 61 to 90 Days	Pass Due 91 to 120 Days	Pass Due 121 to 180 Days	Pass Due over 180 Days	Total
Telecommunications business								
Expected credit loss rate (Note a)	0%-2%	2%-24%	3%-68%	11%-83%	28%-90%	52%-96%	100%	
Gross carrying amount	$ 15,839,132	$ 203,949	$ 50,897	$ 31,263	$ 29,872	$ 25,351	$ 625,591	$ 16,806,055
Loss allowance (lifetime ECL)	(56,249)	(20,880)	(23,483)	(24,859)	(24,319)	(21,665)	(625,591)	(797,046)
Amortized cost	$ 15,782,883	$ 183,069	$ 27,414	$ 6,404	$ 5,553	$ 3,686	$ -	$ 16,009,009
Project business								
Expected credit loss rate (Note b)	0%-5%	5%	10%	30%	50%	80%	100%	
Gross carrying amount	$ 3,472,738	$ 64,372	$ 26,810	$ 8,963	$ 2,163	$ 2,691	$ 1,287,567	$ 4,865,304
Loss allowance (lifetime ECL)	(20,060)	(3,219)	(2,772)	(2,760)	(1,132)	(2,160)	(1,287,567)	(1,319,670)
Amortized cost	$ 3,452,678	$ 61,153	$ 24,038	$ 6,203	$ 1,031	$ 531	$ -	$ 3,545,634

December 31, 2019

	Not Past Due	Past Due Less than 30 Days	Pass Due 31 to 60 Days	Pass Due 61 to 90 Days	Pass Due 91 to 120 Days	Pass Due 121 to 180 Days	Pass Due over 180 Days	Total
Telecommunications business								
Expected credit loss rate (Note a)	0%- 2%	0%-25%	0%-68%	0%-83%	11%-90%	17%-96%	100%	
Gross carrying amount	$ 19,020,326	$ 267,902	$ 74,775	$ 46,782	$ 40,771	$ 28,021	$ 600,985	$ 20,079,562
Loss allowance (lifetime ECL)	(55,903)	(25,517)	(27,630)	(34,624)	(26,281)	(27,366)	(600,985)	(798,306)
Amortized cost	$ 18,964,423	$ 242,385	$ 47,145	$ 12,158	$ 14,490	$ 655	$ -	$ 19,281,256
Project business								
Expected credit loss rate (Note b)	0%-5%	5%	10%	30%	50%	80%	100%	
Gross carrying amount	$ 4,053,681	$ 78,147	$ 52,227	$ 29,527	$ 12,688	$ 1,040	$ 1,471,840	$ 5,699,150
Loss allowance (lifetime ECL)	(2,637)	(4,892)	(5,223)	(10,577)	(6,344)	(832)	(1,471,840)	(1,502,345)
Amortized cost	$ 4,051,044	$ 73,255	$ 47,004	$ 18,950	$ 6,344	$ 208	$ -	$ 4,196,805

Note a: Please refer to Notes 30 and 44 for the information of disaggregation of telecommunications service revenue. The expected credit loss rate applicable to different business revenue varies so as to reflect the risk level indicating by factors like historical experience.

Note b: The project business has different loss types according to the customer types. The expected credit loss rate listed above is for general customers. When the customer is a government-affiliated entity, it is anticipated that there will not be an instance of credit loss. Customers with past history of bounced checks or accounts receivable exceeding six months overdue are classified as high-risk customers, with an expected credit loss rate of 50%, increasing by period as the days overdue increase.

Movements of loss allowance for trade notes and accounts receivable were as follows:

	Year Ended December 31	
	2020	2019
Beginning balance	$ 2,359,756	$ 2,602,055
Add: Provision for (reversal of) credit loss	48,708	(53,952)
Add: Acquired by business combinations (Note 13)	1,639	-
Less: Amounts written off	(255,739)	(188,347)
Ending balance	$ 2,154,364	$ 2,359,756

10. INVENTORIES

	December 31	
	2020	2019
Merchandise	$ 3,902,854	$ 3,858,034
Project in process	6,166,583	11,113,286
Work in process	126,163	141,417
Raw materials	137,495	155,495
	10,333,095	15,268,232
Land held under development	1,998,733	1,998,733
Construction in progress	77,075	77,311
	$ 12,408,903	$ 17,344,276

The operating costs related to inventories were $53,847,123 thousand (including the valuation loss on inventories of $1,161,281 thousand) and $49,258,066 thousand (including the valuation loss on inventories of $474,709 thousand) for the years ended December 31, 2020 and 2019, respectively.

As of December 31, 2020 and 2019, inventories of $2,075,808 thousand and $2,076,044 thousand, respectively, were expected to be recovered after more than twelve months. The aforementioned amount of inventories is related to property development owned by LED.

Land held under development and construction in progress was developed by LED for Qingshan Sec., Dayuan Dist., Taoyuan City project.

11. PREPAYMENTS

	December 31	
	2020	2019
Prepaid rents	$ 2,863,510	$ 3,382,560
Others	1,656,257	1,180,034
	$ 4,519,767	$ 4,562,594
Current		
Prepaid rents	$ 651,510	$ 704,607
Others	1,654,736	1,178,652
	$ 2,306,246	$ 1,883,259

(Continued)

	December 31	
	2020	2019
Noncurrent		
Prepaid rents	$ 2,212,000	$ 2,677,953
Others	1,521	1,382
	$ 2,213,521	$ 2,679,335

(Concluded)

Prepaid rents comprised the prepayments from the lease agreements applying the recognition exemption and the prepayments for leases that do not meet the definition of leases under IFRS 16.

12. OTHER CURRENT MONETARY ASSETS

	December 31	
	2020	2019
Time deposits and negotiable certificates of deposit with maturities of more than three months	$ 4,595,951	$ 5,959,074
Repurchase agreements collateralized by bonds with maturities of more than three months	-	14,990
Others	1,527,714	1,524,500
	$ 6,123,665	$ 7,498,564

The annual yield rates of time deposits, negotiable certificates of deposit and repurchase agreements collateralized by bonds with maturities of more than three months at the balance sheet dates were as follows:

	December 31	
	2020	2019
Time deposits and negotiable certificates of deposit with maturities of more than three months	0.07%-2.25%	0.03%-2.73%
Repurchase agreements collateralized by bonds with maturities of more than three months	-	2.50%

13. SUBSIDIARIES

a. Information on subsidiaries with material noncontrolling interests

		Proportion of Ownership Interests and Voting Rights Held by Noncontrolling Interests	
		December 31	
Subsidiaries	Principal Place of Business	2020	2019
SENAO	Taiwan	72%	72%
CHPT	Taiwan	66%	66%

	Profit Allocated to Noncontrolling Interests		Accumulated Noncontrolling Interests	
	Year Ended December 31		December 31	
	2020	2019	2020	2019
SENAO	$ 312,130	$ 292,776	$ 4,311,048	$ 4,267,547
CHPT	$ 613,907	$ 411,049	4,635,240	4,236,872
Individually immaterial subsidiaries with noncontrolling interests			2,381,153	1,779,103
			$ 11,327,441	$ 10,283,522

Summarized financial information in respect of SENAO and its subsidiaries that has material noncontrolling interests is set out below. The summarized financial information below represented amounts before intercompany eliminations.

	December 31	
	2020	2019
Current assets	$ 6,834,221	$ 6,751,385
Noncurrent assets	3,340,983	3,321,252
Current liabilities	(3,832,372)	(3,617,165)
Noncurrent liabilities	(415,712)	(589,882)
Equity	$ 5,927,120	$ 5,865,590
Equity attributable to the parent	$ 1,616,072	$ 1,598,043
Equity attributable to noncontrolling interests	4,311,048	4,267,547
	$ 5,927,120	$ 5,865,590

	Year Ended December 31	
	2020	2019
Revenues and income	$ 27,231,145	$ 29,130,695
Costs and expenses	26,795,397	28,722,830
Profit for the year	$ 435,748	$ 407,865
Profit attributable to the parent	$ 123,618	$ 115,089
Profit attributable to noncontrolling interests	312,130	292,776
Profit for the year	$ 435,748	$ 407,865
Other comprehensive income (loss) attributable to the parent	$ 715	$ (7,164)
Other comprehensive income attributable to noncontrolling interests	1,863	22,358
	$ 2,578	$ 15,194

(Continued)

	Year Ended December 31	
	2020	2019
Total comprehensive income attributable to the parent	$ 124,333	$ 107,925
Total comprehensive income attributable to noncontrolling interests	313,993	315,134
	$ 438,326	$ 423,059
Net cash flow from operating activities	$ 862,323	$ 537,209
Net cash flow from investing activities	54,387	235,925
Net cash flow from financing activities	(687,555)	(717,602)
Effect of exchange rate changes on cash and cash equivalents	(426)	(193)
Net cash inflow	$ 228,729	$ 55,339
Dividends paid to noncontrolling interests	$ 268,944	$ 268,944

(Concluded)

Summarized financial information in respect of CHPT and its subsidiaries that has material noncontrolling interests is set out below. The summarized financial information below represented amounts before intercompany eliminations.

	December 31	
	2020	2019
Current assets	$ 4,122,134	$ 3,709,630
Noncurrent assets	4,012,654	4,043,881
Current liabilities	(1,072,538)	(1,287,597)
Noncurrent liabilities	(12,456)	(22,003)
Equity	$ 7,049,794	$ 6,443,911
Equity attributable to CHI	$ 2,414,554	$ 2,207,039
Equity attributable to noncontrolling interests	4,635,240	4,236,872
	$ 7,049,794	$ 6,443,911

	Year Ended December 31	
	2020	2019
Revenues and income	$ 4,220,724	$ 3,404,570
Costs and expenses	3,287,031	2,779,406
Profit for the year	$ 933,693	$ 625,164
Profit attributable to CHI	$ 319,786	$ 214,115
Profit attributable to noncontrolling interests	613,907	411,049
Profit for the year	$ 933,693	$ 625,164

(Continued)

	Year Ended December 31	
	2020	2019
Other comprehensive income (loss) attributable to CHI	$ 27	$ (1,106)
Other comprehensive income (loss) attributable to noncontrolling interests	53	(2,124)
	$ 80	$ (3,230)
Total comprehensive income attributable to CHI	$ 319,813	$ 213,009
Total comprehensive income attributable to noncontrolling interests	613,960	408,925
	$ 933,773	$ 621,934
Net cash flow from operating activities	$ 1,482,834	$ 507,144
Net cash flow from investing activities	(532,820)	(1,425,660)
Net cash flow from financing activities	(349,136)	(349,452)
Effect of exchange rate changes on cash and cash equivalents	1,306	(4,815)
Net cash inflow (outflow)	$ 602,184	$ (1,272,783)
Dividends paid to noncontrolling interests	$ 215,591	$ 215,591

(Concluded)

b. Equity transactions with noncontrolling interests

CHIEF issued new shares in March 2020, December 2020, March 2019 and November 2019 as its employees exercised options. Therefore, the Company's equity ownership interest in CHIEF decreased. See Note 34(b) for details.

SENAO subscribed for all the shares in the capital increase of Youth in April 2020; therefore, the Company's ownership interest in Youth increased.

IISI issued new shares in September 2020 as its employees exercised options; therefore, the Company's ownership interest in IISI decreased. See Note 34(d) for details.

The above transactions were accounted for as equity transactions since the Company did not cease to have control over these subsidiaries.

Information of the Company's equity transactions with noncontrolling interests for the years ended December 31, 2020 and 2019 was as follows:

	Year Ended December 31, 2020		
	CHIEF Share-Based Payment	SENAO Not Proportionately Participating in the Capital Increase of Youth	IISI Share-Based Payment
Cash consideration received from noncontrolling interests	$ 74,540	$ -	$ 6,755

(Continued)

	Year Ended December 31, 2020		
	CHIEF Share-Based Payment	SENAO Not Proportionately Participating in the Capital Increase of Youth	IISI Share-Based Payment
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to noncontrolling interests	$ (48,826)	$ (103)	$ (6,659)
Differences arising from equity transactions	$ 25,714	$ (103)	$ 96
Line items for equity transaction adjustments			
Additional paid-in capital - arising from changes in equities of subsidiaries	$ 25,714	$ (103)	$ 96

(Concluded)

	Year Ended December 31, 2019
	CHIEF Share-Based Payment
Cash consideration received from noncontrolling interests	$ 18,825
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to noncontrolling interests	(19,723)
Differences arising from equity transactions	$ (898)
Line items for equity transaction adjustments	
Additional paid-in capital - arising from changes in equities of subsidiaries	$ (898)

c. BUSINESS COMBINATIONS

1) Subsidiary acquired

In order to develop and cultivate the enterprise customer market, Chunghwa obtained 20.38% ownership interest in IISI by cash on July 1, 2020, the acquisition date. (Note) Chunghwa's ownership interest in IISI increased to 51.54% by considering the previously held ownership interest in IISI. Chunghwa obtained over half of the seats of the Board of Directors of IISI; therefore, Chunghwa gained control over IISI and included IISI and its subsidiaries in the consolidated financial statements starting from the acquisition date. IISI mainly engages in information system development and maintenance service business, etc.

Note: IISI issued new shares in April 2020 as its employees exercised options; therefore, the percentage of ownership interest in IISI obtained on the acquisition date is lower than that approved by Chunghwa's Board of Directors in January 2020.

2) Assets acquired and liabilities assumed at acquisition date

	IISI and Its Subsidiaries
Current assets	
Cash and cash equivalents	$ 587,979
Contract assets	582,745
Trade notes and accounts receivable	165,452
Inventories	141,236
Prepayments	113,858
Other current monetary assets	113,724
Other current assets	74,757
Noncurrent assets	
Property, plant and equipment	47,962
Right-of-use assets	70,007
Intangible assets	11,861
Deferred income tax assets	5,665
Other noncurrent assets	102,519
Current liabilities	
Short-term loans	(4,000)
Contract liabilities	(333,533)
Trade notes and accounts payable	(256,902)
Current tax liabilities	(19,355)
Lease liabilities	(25,941)
Other payables	(265,901)
Provisions	(15,258)
Other current liabilities	(30,163)
Noncurrent liabilities	
Deferred income tax liabilities	(2,209)
Lease liabilities	(44,964)
Net defined benefit liabilities	(32,613)
Other noncurrent liabilities	(4,843)
	$ 982,083

The trade notes and accounts receivable acquired in business combination transactions have a fair value of $165,452 thousand and a gross contractual amount of $167,091 thousand. The best estimates of the contractual cash flows not expected to be collected as of the acquisition date are $1,639 thousand.

3) Goodwill arising from acquisition

	IISI and Its Subsidiaries
Consideration transferred	$ 233,923
Add: Fair value of equity interest held before the acquisition date	327,287

(Continued)

	IISI and Its Subsidiaries
Add: Noncontrolling interest (48.46% of the identifiable net assets of IISI and its subsidiaries)	$ 475,879
Less: Fair value of identifiable net assets acquired	(982,083)
Goodwill arising from acquisition	$ 55,006

(Concluded)

The goodwill arising from the acquisition of IISI mainly represents the control premium. In addition, the consideration paid for the combination included amounts attributed to the benefits of expected synergies and the assembled workforces of IISI. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Goodwill arising from business combinations is not deductible for tax purposes.

4) Net cash inflow on acquisition of subsidiaries

	IISI and Its Subsidiaries
Cash and cash equivalents acquired	$ 587,979
Less: Consideration paid in cash	(233,923)
	$ 354,056

5) Impact of acquisition on the financial results of the Company

The financial results of the acquiree since the acquisition date to December 31 2020 included in the consolidated statements of comprehensive income are as follows:

	IISI and Its Subsidiaries
Revenue	$ 1,348,167
Profit	$ 68,021

Had the business combination been in effect at the beginning of the annual reporting period, the Company's revenue and profit would have been $208,604,696 thousand and $34,747,291 thousand for the year ended December 31, 2020, respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Company that actually would have been achieved had the acquisition been completed on January 1, 2020, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Company had IISI been acquired at the beginning of the financial year, the management calculated amortization of intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2020	2019
Investments in associates	$ 6,882,801	$ 7,354,226
Investment in joint venture	10,200	-
	$ 6,893,001	$ 7,354,226

a. Investments in associates

Investments in associates were as follows:

	Carrying Amount	
	December 31	
	2020	2019
Material associate		
Next Commercial Bank Co., Ltd. (“NCB”) (Note)	$ 3,776,876	$ 4,074,168
Associates that are not individually material		
Listed		
Senao Networks, Inc. (“SNI”)	991,610	953,685
KingwayTek Technology Co., Ltd. (“KWT”)	249,044	253,021
Non-listed		
ST-2 Satellite Ventures Pte., Ltd. (“STS”)	488,257	500,930
Viettel-CHT Co., Ltd. (“Viettel-CHT”)	363,522	316,535
Taiwan International Standard Electronics Co., Ltd. (“TISE”)	330,031	272,166
So-net Entertainment Taiwan Limited (“So-net”)	226,647	189,396
Chunghwa PChome Fund I Co., Ltd. (“CPFI”)	192,856	194,081
KKBOX Taiwan Co., Ltd. (“KKBOXTW”)	163,809	150,789
Taiwan International Ports Logistics Corporation (“TIPL”)	55,925	50,979
Click Force Co., Ltd. (“CF”)	33,086	37,120
Cornerstone Ventures Co., Ltd. (“CVC”)	6,058	5,507
Alliance Digital Tech Co., Ltd. (“ADT”)	5,080	5,080
International Integrated System, Inc. (“IISI”)	-	340,240
UUPON Inc. (“UUPON”)	-	10,529
MeWorks Limited (HK) (“MeWorks”)	-	-
	3,105,925	3,280,058
	$ 6,882,801	$ 7,354,226

The percentages of ownership interests and voting rights in associates held by the Company as of balance sheet dates were as follows:

	% of Ownership Interests and Voting Rights	
	December 31	
	2020	2019
Material associate		
Next Commercial Bank Co., Ltd. (“NCB”) (Note)	42	42
Associates that are not individually material		
Senao Networks, Inc. (“SNI”)	34	34
KingwayTek Technology Co., Ltd. (“KWT”)	23	23
ST-2 Satellite Ventures Pte., Ltd. (“STS”)	38	38
Viettel-CHT Co., Ltd. (“Viettel-CHT”)	30	30
Taiwan International Standard Electronics Co., Ltd. (“TISE”)	40	40
So-net Entertainment Taiwan Limited (“So-net”)	30	30
Chunghwa PChome Fund I Co., Ltd. (“CPFI”)	50	50
KKBOX Taiwan Co., Ltd. (“KKBOXTW”)	30	30
Taiwan International Ports Logistics Corporation (“TIPL”)	27	27
Click Force Co., Ltd. (“CF”)	49	49
Cornerstone Ventures Co., Ltd. (“CVC”)	49	49
Alliance Digital Tech Co., Ltd. (“ADT”)	14	14
International Integrated System, Inc. (“IISI”)	-	31
UUPON Inc. (“UUPON”)	-	22
MeWorks Limited (HK) (“MeWorks”)	-	20

Note: NCB was a preparatory office on December 31, 2019.

Summarized financial information of NCB was set out below:

	December 31	
	2020	2019
Assets	$ 9,906,945	$ 10,451,925
Liabilities	(788,813)	(728,374)
Equity	$ 9,118,132	$ 9,723,551
The percentage of ownership interests held by the Company	41.90%	41.90%
Equity attributable to the Company	$ 3,820,497	$ 4,074,168
Unrealized gain or loss from downstream transactions	(43,621)	-
The carrying amount of investment	$ 3,776,876	$ 4,074,168

	Year Ended December 31, 2020	Period from the Beginning of Preparation to December 31, 2019
Revenues	$ -	$ -
Net loss for the period	$ (605,419)	$ (276,449)
Other comprehensive income	-	-
Total comprehensive loss for the period	$ (605,419)	$ (276,449)

Except for NCB, no associate is considered individually material to the Company. Summarized financial information of associates that are not individually material to the Company was as follows:

	Year Ended December 31	
	2020	2019
The Company's share of profits	$ 540,037	$ 577,972
The Company's share of other comprehensive loss	(8,571)	(3,035)
The Company's share of total comprehensive income	$ 531,466	$ 574,937

The Level 1 fair values of associates based on the closing market prices as of the balance sheet dates were as follows:

	December 31	
	2020	2019
SNI	$ 1,707,640	$ 2,014,353
KWT	$ 675,911	$ 872,729

The participation of establishing NCB was approved by Chunghwa's Board of Directors in January 2019. The establishment of NCB was approved by the FSC in July 2019 and the incorporation of NCB was approved by the Ministry of Economic Affairs Department of Commerce in January 2020. Chunghwa prepaid investment funds to NCB in February and November 2019 amounting to $4,190,000 thousand, for ownership interest of 41.90%. Although Chunghwa is the single largest stockholder of NCB, it only obtained six out of fifteen seats of the Board of Directors of NCB. In addition, the management considered the size of ownership interest and the dispersion of shares owned by the other stockholders, other holdings are not extremely dispersed. Chunghwa is not able to direct its relevant activities. Therefore, Chunghwa does not have control over NCB and merely has significant influence over NCB and treats it as an associate. NCB mainly engages in online banking business in Taiwan.

The Company disposed some shares of KWT in April 2019 before KWT traded its shares on the General Stock Market of the Taipei Exchange according to the local requirements and recognized gain on disposal of $30,152 thousand. In addition, the Company did not participate in the capital increase of KWT in May 2019 and KWT repurchased its stock from December 2019 to February 2020. Therefore, the Company's ownership interest in KWT changed to 22.52% and 22.72% as of December 31, 2019 and 2020, respectively.

IISI issued new shares in March, September 2019 and April 2020, as its employees exercised options; therefore, the Company's ownership interest in IISI decreased to 31.47% and 31.16% as of December 31, 2019 and June 30, 2020, respectively. The additional investment of 20.58%

ownership interest in IISI was approved by Chunghwa's Board of Directors in January 2020 and the equity transaction was completed in July 2020. As the business combination was achieved in stages, the Company remeasured the previously held equity interest of IISI and recognized gain on disposal of $1,412 thousand on the acquisition date. The Company treated IISI as a subsidiary starting from the acquisition date and included IISI and its subsidiaries in the consolidated financial statements. Please refer to Note 13(c).

UUPON reduced 95.44% of its capital to offset accumulated deficits in September 2020 and the Company did not participate in the capital increase of UUPON in October 2020. Therefore, the Company's ownership interest in UUPON decreased to 5.36% and lost its significant influence over UUPON. Hence the Company discontinued to treat UUPON as an associate. Instead, the Company treated it as a financial asset at fair value through other comprehensive income and recognized gain on disposal of $14,534 thousand.

The aforementioned gains on disposal were included under "other gains and losses" in the consolidated statements of comprehensive income.

The Company disposed of all shares of MeWorks in September 2020.

The Company invested and obtained 50% equity shares of CPFI. However, as the Company has only two out of five seats of the Board of Directors of CPFI and has no control but significant influence over CPFI, the Company recognized CPFI as an investment in associate.

The Company invested and obtained 49% equity shares of CVC. However, as the Company has only two out of five seats of the Board of Directors of CVC and has no control but significant influence over CVC. Therefore, the Company recognized CVC as an investment in associate.

The Company owns 14% equity shares of ADT. As the Company remains its seat in the Board of Directors of ADT and considers the relative size of ownership interest and the dispersion of shares owned by the other stockholders, the Company has significant influence over ADT. In June 2018, the stockholders of ADT approved to dissolve. The liquidation of ADT is still in process.

The Company's share of profits and other comprehensive income (loss) of associates was recognized based on the audited financial statements.

b. Investment in joint venture

Investment in joint venture was as follows:

	Carrying Amount		% of Ownership Interests and Voting Rights	
	December 31		December 31	
Name of Joint Venture	2020	2019	2020	2019
Non-listed				
Chunghwa SEA Holdings ("CHT SEA")	$ 10,200	$ -	51	-

The Company invested $10,200 thousand to establish a joint venture, CHT SEA, with Delta Electronics, Inc. and Kwang Hsing Industrial Co., Ltd. in December 2020 and obtained 51% equity shares of CHT SEA. However, according to the mutual agreements among stockholders, the Company does not individually direct CHT SEA's relevant activities and has joint control with the other party; therefore, the Company treated CHT SEA as a joint venture.

15. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2020	2019
Assets used by the Company	$ 273,822,588	$ 276,370,003
Assets subject to operating leases	7,593,355	7,324,212
	$ 281,415,943	$ 283,694,215

a. Assets used by the Company

	Land	Land Improvements	Buildings	Computer Equipment	Telecommunications Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress and Equipment to be Accepted	Total
Cost									
Balance on January 1, 2019	$ 100,354,425	$ 1,599,634	$ 69,328,236	$ 14,258,485	$ 711,863,697	$ 3,882,534	$ 9,873,589	$ 18,644,766	$ 929,805,366
Additions	-	-	1,220,691	56,699	120,559	1,122	148,949	21,611,786	23,159,806
Disposal	(37,951)	(6,630)	(3,101)	(1,915,939)	(30,417,855)	(50,653)	(404,834)	-	(32,836,963)
Effect of foreign exchange differences	-	-	-	(74)	(36,727)	(18)	(1,272)	(5,816)	(43,907)
Others	(1,214,223)	25,477	454,957	605,656	24,502,774	79,313	473,738	(26,498,539)	(1,570,847)
Balance on December 31, 2019	$ 99,102,251	$ 1,618,481	$ 71,000,783	$ 13,004,827	$ 706,032,448	$ 3,912,298	$ 10,090,170	$ 13,752,197	$ 918,513,455
Accumulated depreciation and impairment									
Balance on January 1, 2019	$ -	$ (1,337,192)	$ (26,861,627)	$ (12,143,307)	$(596,850,343)	$ (3,651,139)	$ (7,291,742)	$ -	$(648,135,350)
Depreciation expenses	-	(43,481)	(1,301,085)	(826,745)	(23,905,621)	(90,939)	(688,274)	-	(26,856,145)
Disposal	-	6,630	3,101	1,908,324	30,380,684	50,627	401,655	-	32,751,021
Impairment losses	-	-	-	-	-	-	(63,715)	(29,358)	(93,073)
Effect of foreign exchange differences	-	-	-	73	15,682	28	962	-	16,745
Others	-	(559)	182,879	(6,590)	21,707	(2,902)	(21,185)	-	173,350
Balance on December 31, 2019	$ -	$ (1,374,602)	$ (27,976,732)	$ (11,068,245)	$(590,337,891)	$ (3,694,325)	$ (7,662,299)	$ (29,358)	$(642,143,452)
Balance on January 1, 2019, net	$ 100,354,425	$ 262,442	$ 42,466,609	$ 2,115,178	$ 115,013,354	$ 231,395	$ 2,581,847	$ 18,644,766	$ 281,670,016
Balance on December 31, 2019, net	$ 99,102,251	$ 243,879	$ 43,024,051	$ 1,936,582	$ 115,694,557	$ 217,973	$ 2,427,871	$ 13,722,839	$ 276,370,003
Cost									
Balance on January 1, 2020	$ 99,102,251	$ 1,618,481	$ 71,000,783	$ 13,004,827	$ 706,032,448	$ 3,912,298	$ 10,090,170	$ 13,752,197	$ 918,513,455
Additions	66,712	-	18,113	54,402	117,441	1,309	150,385	24,786,365	25,194,727
Disposal	(270,268)	(19,306)	(48,748)	(1,243,844)	(20,618,652)	(45,287)	(520,411)	(29,358)	(22,795,874)
Effect of foreign exchange differences	-	-	-	(93)	(90,619)	(88)	267	(7,330)	(97,863)
Acquired by business combinations (Note 13)	-	-	-	69,814	-	-	72,400	-	142,214
Others	3,091,950	31,187	(80,570)	520,474	25,335,091	26,011	507,008	(29,972,458)	(541,307)
Balance on December 31, 2020	$ 101,990,645	$ 1,630,362	$ 70,889,578	$ 12,405,580	$ 710,775,709	$ 3,894,243	$ 10,299,819	$ 8,529,416	$ 920,415,352
Accumulated depreciation and impairment									
Balance on January 1, 2020	$ -	$ (1,374,602)	$ (27,976,732)	$ (11,068,245)	$(590,337,891)	$ (3,694,325)	$ (7,662,299)	$ (29,358)	$(642,143,452)
Depreciation expenses	-	(43,828)	(1,366,374)	(769,321)	(23,992,691)	(68,138)	(665,674)	-	(26,906,026)
Disposal	-	19,213	48,748	1,242,510	20,599,703	44,972	504,180	29,358	22,488,684
Effect of foreign exchange differences	-	-	-	92	40,361	37	222	-	40,712
Acquired by business combinations (Note 13)	-	-	-	(40,282)	-	-	(53,970)	-	(94,252)
Others	-	13	47,027	(3,721)	27,586	(938)	(48,397)	-	21,570
Balance on December 31, 2020	$ -	$ (1,399,204)	$ (29,247,331)	$ (10,638,967)	$(593,662,932)	$ (3,718,392)	$ (7,925,938)	$ -	$(646,592,764)
Balance on January 1, 2020, net	$ 99,102,251	$ 243,879	$ 43,024,051	$ 1,936,582	$ 115,694,557	$ 217,973	$ 2,427,871	$ 13,722,839	$ 276,370,003
Balance on December 31, 2020, net	$ 101,990,645	$ 231,158	$ 41,642,247	$ 1,766,613	$ 117,112,777	$ 175,851	$ 2,373,881	$ 8,529,416	$ 273,822,588

There was no indication that property, plant and equipment was impaired; therefore, the Company did not recognize any impairment loss for the year ended December 31, 2020.

CHPT evaluated that certain miscellaneous equipment, construction in progress and equipment to be accepted used for manufacturing specific PCB will not be used in the future and there was no active market for sale; therefore, CHPT determined that the recoverable amount of such assets was nil and recognized impairment losses of $89,207 thousand for the year ended December 31, 2019. CHSI evaluated that certain miscellaneous equipment will not be used in the future and there was no active market for sale; therefore, CHSI determined that the recoverable amount of such assets was nil and recognized impairment losses of $3,866 thousand for the year ended December 31, 2019. The aforementioned impairment losses were included in other income and expenses of statement of comprehensive income.

Chunghwa signed a joint development agreement with the MOTC previously which stated that the MOTC would provide the national land and Chunghwa would be in charge of the planning and construction for the MOTC's office building, Chunghwa's Renai office building, etc. According to the agreement, the MOTC and Chunghwa would each own a certain percentage of the buildings, and Chunghwa is to pay or get the reimbursement for the difference between the assessed value of the land and the construction cost paid by Chunghwa on behalf of the MOTC. The difference amounting to $1,056,680 thousand due to the MOTC was reported to Chunghwa's Board of Directors in May 2020 and Chunghwa will complete the property registration of the respective asset once the payment is made. Please refer to Table 4 for the details.

The Company participated in the government-led urban renewal project in Xingzheng Section, Xindian District, New Taipei City. The Company provided land as a building lot while Kindom Development Corp., chosen through public selection by the New Taipei City Government, acted as the urban renewal developer. The property registration was completed in 2020. With respect to the Company's trade-in share of land and buildings, only the trade-in buildings had commercial substance. Therefore, the gain on the asset exchange transaction of $1,267,980 thousand (included in" gains and losses on disposal of property, plant and equipment") was recognized at the difference between the carrying amount of the trade-out land of $37,087 thousand and the fair value of trade-in buildings of $1,305,067 thousand (included in "investment properties"). The aforementioned gain on disposal was included under "other income and expenses" in the statements of comprehensive income.

Depreciation expense for assets used by the Company is computed using the straight-line method over the following estimated service lives:

Land improvements	10-30 years
Buildings	
Main buildings	20-60 years
Other building facilities	3-15 years
Computer equipment	2-8 years
Telecommunications equipment	
Telecommunication circuits	2-30 years
Telecommunication machinery and antennas equipment	2-30 years
Transportation equipment	3-10 years
Miscellaneous equipment	
Leasehold improvements	1-9 years
Mechanical and air conditioner equipment	3-16 years
Others	1-15 years

b. Assets subject to operating leases

	Land	Land Improvements	Buildings	Total
Cost				
Balance on January 1, 2019	$ 3,617,627	$ 689	$ 3,582,774	$ 7,201,090
Additions	-	-	4,478	4,478
Others	1,362,023	(689)	254,308	1,615,642
Balance on December 31, 2019	$ 4,979,650	$ -	$ 3,841,560	$ 8,821,210

(Continued)

	Land	Land Improvements	Buildings	Total
Accumulated depreciation and impairment				
Balance on January 1, 2019	$ -	$ (512)	$ (1,265,356)	$ (1,265,868)
Depreciation expenses	-	(47)	(73,996)	(74,043)
Others	-	559	(157,646)	(157,087)
Balance on December 31, 2019	$ -	$ -	$ (1,496,998)	$ (1,496,998)
Balance on January 1, 2019, net	$ 3,617,627	$ 177	$ 2,317,418	$ 5,935,222
Balance on December 31, 2019, net	$ 4,979,650	$ -	$ 2,344,562	$ 7,324,212
Cost				
Balance on January 1, 2020	$ 4,979,650	$ -	$ 3,841,560	$ 8,821,210
Others	(6,730)	-	394,596	387,866
Balance on December 31, 2020	$ 4,972,920	$ -	$ 4,236,156	$ 9,209,076
Accumulated depreciation and impairment				
Balance on January 1, 2020	$ -	$ -	$ (1,496,998)	$ (1,496,998)
Depreciation expenses	-	-	(82,474)	(82,474)
Others	-	-	(36,249)	(36,249)
Balance on December 31, 2020	$ -	$ -	$ (1,615,721)	$ (1,615,721)
Balance on January 1, 2020, net	$ 4,979,650	$ -	$ 2,344,562	$ 7,324,212
Balance on December 31, 2020, net	$ 4,972,920	$ -	$ 2,620,435	$ 7,593,355

(Concluded)

The Company leases out land and buildings with lease terms between 1 to 20 years. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The future aggregate lease collection under operating lease for the freehold plant, property and equipment was as follows:

	December 31	
	2020	2019
Year 1	$ 347,229	$ 301,674
Year 2	288,184	272,899
Year 3	230,984	233,434

(Continued)

	December 31	
	2020	2019
Year 4	$ 164,141	$ 191,128
Year 5	124,845	130,066
Onwards	1,179,493	1,224,416
	$ 2,334,876	$ 2,353,617

(Concluded)

The above items of property, plant and equipment subject to operating leases are depreciated on a straight-line basis over their estimated useful lives as follows:

Land improvements	10-30 years
Buildings	
Main buildings	35-60 years
Other building facilities	3-15 years

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Land and buildings		
Handsets base stations	$ 7,095,883	$ 6,844,687
Others	1,708,593	1,916,835
Equipment	2,204,730	2,602,727
	$ 11,009,206	$ 11,364,249

	Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 3,796,370	$ 3,803,042
Depreciation charge for right-of-use assets		
Land and buildings		
Handsets base stations	$ 2,729,441	$ 2,727,871
Others	786,114	821,272
Equipment	415,943	418,503
	$ 3,931,498	$ 3,967,646

The Company did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2020 and 2019.

b. Lease liabilities

	December 31	
	2020	2019
Lease liabilities		
Current	$ 3,381,571	$ 3,291,330
Noncurrent	6,215,096	6,466,808
	$ 9,596,667	$ 9,758,138

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2020	2019
Land and buildings		
Handsets base stations	0.46%-1.18%	0.58%-1.18%
Others	0.46%-9.00%	0.58%-9.00%
Equipment	0.46%-2.99%	0.58%-4.50%

c. Important lease-in activities and terms

The Company mainly enters into lease-in agreements of land and buildings for handsets base stations located throughout Taiwan with lease terms ranging from 1 to 20 years. The lease agreements do not contain bargain purchase options to acquire the assets at the expiration of the respective leases. For majority of the lease-in agreements on handsets base station, the Company has the right to terminate the agreement prior to the expiration date if the Company is unable to build the required telecommunication equipment, either due to legal restrictions, controversial events, or other events.

The Company also leases land and buildings for the use of offices, server rooms, and stores with lease terms from 1 to 30 years. Most of the lease agreements for national land adjust the lease payment according to the changes of the announced land values by the authority. At the expiry of the lease term, the Company does not have bargain purchase options to acquire the assets.

The lease agreements for equipment include a contract between Chunghwa and ST-2 Satellite Ventures Pte., Ltd. on March 12, 2010 to lease capacity on the ST-2 satellite. For the information of lease agreements with related parties, please refer to Note 38 to the consolidated financial statements for details.

d. Other lease information

	Year Ended December 31	
	2020	2019
Expenses relating to low-value asset leases	$ 8,314	$ 6,664
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 5,119	$ 6,603
Total cash outflow for leases	$ 3,776,291	$ 3,825,977

The Company leases certain equipment which qualify as low-value asset leases. The Company has elected to apply the recognition exemption and, thus, not to recognize right-of-use assets and lease liabilities for these leases.

Lease-out arrangements under operating leases for freehold property, plant, and equipment and investment properties were set out in Notes 15 and 17 to the consolidated financial statements.

17. INVESTMENT PROPERTIES

Cost	
Balance on January 1, 2019	$ 9,392,452
Additions	523
Disposal	(5,831)
Reclassification	(173,165)
Balance on December 31, 2019	$ 9,213,979
Accumulated depreciation and impairment	
Balance on January 1, 2019	$ (1,105,240)
Depreciation expense	(25,157)
Disposal	5,831
Reclassification	23,363
Reversal of impairment loss	56,617
Balance on December 31, 2019	$ (1,044,586)
Balance on January 1, 2019, net	$ 8,287,212
Balance on December 31, 2019, net	$ 8,169,393
Cost	
Balance on January 1, 2020	$ 9,213,979
Additions (Note 15)	1,359,502
Disposal	(36,943)
Reclassification	125,912
Balance on December 31, 2020	$ 10,662,450
Accumulated depreciation and impairment	
Balance on January 1, 2020	$ (1,044,586)
Depreciation expense	(22,332)
Reclassification	(1,276)
Reversal of impairment loss	27,066
Balance on December 31, 2020	$ (1,041,128)
Balance on January 1, 2020, net	$ 8,169,393
Balance on December 31, 2020, net	$ 9,621,322

After the evaluation of land and buildings, the Company concluded the recoverable amount which represented the fair value less costs to sell of some land and buildings was higher than the carrying amount. Therefore, the Company recognized reversal of impairment losses of $27,066 thousand and $56,617 thousand for the years ended December 31, 2020 and 2019, respectively, and the amounts were recognized only to the extent of impairment losses that had been recognized in prior years. The reversal of impairment loss was included in other income and expenses in the statements of comprehensive income.

Depreciation expense is computed using the straight-line method over the following estimated service lives:

Land improvements	10-30 years
Buildings	
Main buildings	35-60 years
Other building facilities	4-10 years

The fair values of the Company's investment properties as of December 31, 2020 and 2019 were determined by Level 3 fair value measurements inputs based on the appraisal reports conducted by independent appraisers. Those appraisal reports are based on the comparison approach, income approach or cost approach. Key assumptions and the fair values were as follows:

	December 31	
	2020	2019
Fair value	$ 22,644,318	$ 18,701,398
Overall capital interest rate	0.93%-3.03%	1.03%-4.04%
Profit margin ratio	12%-20%	12%-20%
Discount rate	-	-
Capitalization rate	0.73%-2.20%	0.79%-1.74%

All of the Company's investment properties are held under freehold interest.

The future aggregate lease collection under operating lease for investment properties is as follows:

	December 31	
	2020	2019
Year 1	$ 115,305	$ 112,626
Year 2	95,223	90,701
Year 3	75,285	70,795
Year 4	52,544	61,115
Year 5	37,588	39,386
Onwards	57,773	96,010
	$ 433,718	$ 470,633

18. INTANGIBLE ASSETS

	Mobile Broadband Concession	Computer Software	Goodwill	Others	Total
Cost					
Balance on January 1, 2019	$ 70,144,000	$ 3,425,969	$ 236,200	$ 373,203	$ 74,179,372
Additions-acquired separately	-	357,605	-	5,113	362,718
Disposal	(10,179,000)	(356,750)	-	(157)	(10,535,907)
Effect of foreign exchange differences	-	(117)	-	(96)	(213)
Others	-	1,902	-	-	1,902
Balance on December 31, 2019	$ 59,965,000	$ 3,428,609	$ 236,200	$ 378,063	$ 64,007,872

(Continued)

	Mobile Broadband Concession	Computer Software	Goodwill	Others	Total
Accumulated amortization and impairment					
Balance on January 1, 2019	$(20,632,474)	$ (2,467,170)	$ (26,677)	$ (109,369)	$(23,235,690)
Amortization expenses	(3,839,572)	(388,501)	-	(24,529)	(4,252,602)
Disposal	10,179,000	356,750	-	11	10,535,761
Impairment losses	-	-	(8,946)	-	(8,946)
Effect of foreign exchange differences	-	96	-	34	130
Balance on December 31, 2019	$(14,293,046)	$ (2,498,825)	$ (35,623)	$ (133,853)	$(16,961,347)
Balance on January 1, 2019, net	$ 49,511,526	$ 958,799	$ 209,523	$ 263,834	$ 50,943,682
Balance on December 31, 2019, net	$ 45,671,954	$ 929,784	$ 200,577	$ 244,210	$ 47,046,525
Cost					
Balance on January 1, 2020	$ 59,965,000	$ 3,428,609	$ 236,200	$ 378,063	$ 64,007,872
Additions-acquired separately	48,373,000	225,829	-	6,358	48,605,187
Disposal	-	(337,954)	-	(3,053)	(341,007)
Effect of foreign exchange differences	-	(106)	-	(40)	(146)
Acquired by business combinations (Note 13)	-	1,259	55,006	11,043	67,308
Others	-	1,586	-	(45)	1,541
Balance on December 31, 2020	$108,338,000	$ 3,319,223	$ 291,206	$ 392,326	$112,340,755
Accumulated amortization and impairment					
Balance on January 1, 2020	$(14,293,046)	$ (2,498,825)	$ (35,623)	$ (133,853)	$(16,961,347)
Amortization expenses	(5,025,796)	(371,694)	-	(26,877)	(5,424,367)
Disposal	-	337,948	-	1,201	339,149
Impairment losses	-	-	(9,303)	-	(9,303)
Effect of foreign exchange differences	-	102	-	12	114
Acquired by business combinations (Note 13)	-	(441)	-	-	(441)
Balance on December 31, 2020	$(19,318,842)	$ (2,532,910)	$ (44,926)	$ (159,517)	$(22,056,195)
Balance on January 1, 2020, net	$ 45,671,954	$ 929,784	$ 200,577	$ 244,210	$ 47,046,525
Balance on December 31, 2020, net	$ 89,019,158	$ 786,313	$ 246,280	$ 232,809	$ 90,284,560

(Concluded)

For long-term business development, Chunghwa participated in the 5G mobile broadband license bidding hosted by the NCC and paid the deposit for 5G spectrum bidding amounting to $1,000,000 thousand (included in other assets) in October 2019. Chunghwa paid $48,373,000 thousand, including the aforementioned deposit, in February 2020 for the aforementioned license to obtain 90MHz in the 3.5GHz spectrum and 600MHz in the 28GHz spectrum.

The concessions are granted and issued by the NCC. The concession fees are amortized using the straight-line method over the period from the date operations commence through the date the license expires or the useful life, whichever is shorter. The 4G concession fees will be fully amortized by December 2030 and December 2033 and 5G concession fees will be fully amortized by December 2040.

The computer software is amortized using the straight-line method over the estimated useful lives of 1 to 10 years. Other intangible assets are amortized using the straight-line method over the estimated useful lives of 1 to 20 years. Goodwill is not amortized.

SENAO evaluated the goodwill that arose in the acquisition of Youth and its subsidiaries at the end of each year. SENAO determined the smallest identifiable group of assets that generates cash inflows as single cash generating units by business type and evaluated the recoverable amount of those cash generating units by their value in use. The management of SENAO estimated the cash flow projections based on the financial budgets for the following five years. Discount rates were 12.10% and 12.30% as of December 31, 2020 and 2019, respectively and were used to calculate the recoverable amount of related cash generating units by discounting aforementioned cash flows.

SENAO concluded the recoverable amount of the goodwill was lower than the carrying value and recognized impairment loss of $9,303 thousand and $8,946 thousand for the years ended December 31, 2020 and 2019, respectively. The aforementioned impairment losses were included in other income and expenses of statements of comprehensive income.

19. OTHER ASSETS

	December 31	
	2020	2019
Spare parts	$ 2,156,136	$ 2,336,082
Refundable deposits	2,009,796	1,879,109
Other financial assets	1,000,000	1,000,000
Deposit for mobile broadband license bidding (Note 18)	-	1,000,000
Others	2,450,006	2,316,177
	$ 7,615,938	$ 8,531,368
Current		
Spare parts	$ 2,156,136	$ 2,336,082
Others	192,961	93,582
	$ 2,349,097	$ 2,429,664
Noncurrent		
Refundable deposits	$ 2,009,796	$ 1,879,109
Other financial assets	1,000,000	1,000,000
Deposit for mobile broadband license bidding	-	1,000,000
Others	2,257,045	2,222,595
	$ 5,266,841	$ 6,101,704

Other financial assets - noncurrent was Piping Fund. As part of the government's effort to upgrade the existing telecommunications infrastructure, Chunghwa and other public utility companies were required by the ROC government to contribute to a Piping Fund administered by the Taipei City Government. This fund was used to finance various telecommunications infrastructure projects. Net assets of this fund will be returned proportionately after the project is completed.

Chunghwa evaluated that certain other assets will not be used in the future and there was no active market for sale; therefore, the Company determined that the recoverable amount of such assets was nil and recognized impairment losses of $43,971 thousand for the year ended December 31, 2019. The aforementioned impairment loss was included in other income and expenses in the statements of comprehensive income.

20. HEDGING FINANCIAL INSTRUMENTS

Chunghwa's hedge strategy is to enter into forward exchange contracts - buy to avoid its foreign currency exposure to certain foreign currency denominated equipment payments in the following six months. In addition, Chunghwa's management considers the market condition to determine the hedge ratio and enters into forward exchange contracts with the banks to avoid the foreign currency risk.

Chunghwa signed equipment purchase contracts with suppliers and entered into forward exchange contracts to avoid foreign currency risk exposure to Euro-denominated purchase commitments. Those forward exchange contracts were designated as cash flow hedges. When forecast purchases actually take place, basis adjustments are made to the initial carrying amounts of hedged items.

For the hedges of highly probable forecast sales and purchases, as the critical terms (i.e. the notional amount, life and underlying) of the forward foreign exchange contracts and their corresponding hedged items are the same, the Company performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates.

The main source of hedge ineffectiveness in these hedging relationships is the effect of credit risks of the Company and the counterparty on the fair value of the forward exchange contracts. Such credit risks do not impact the fair value of the hedged item attributable to changes in foreign exchange rates. No other sources of ineffectiveness emerged from these hedging relationships.

The following tables summarized the information relating to the hedges for foreign currency risk.

December 31, 2020

Hedging Instruments	Currency	Notional Amount (In Thousands)	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount Asset	Carrying Amount Liability	Change in Fair Values of Hedging Instruments Used for Calculating Hedge Ineffectiveness
Cash flow hedge								
Forecast purchases - forward exchange contracts	NT$/EUR	NT$ 200,867/ EUR 5,831	2021.03	$ 34.45	Hedging financial assets (liabilities)	$ 1,752	$ -	$ 1,425

Hedged Items	Change in Value of Hedged Item Used for Calculating Hedge Ineffectiveness	Accumulated Gain or Loss on Hedging Instruments in Other Equity: Continuing Hedges	Accumulated Gain or Loss on Hedging Instruments in Other Equity: Hedge Accounting No Longer Applied
Cash flow hedge			
Forecast equipment purchases	$ (1,425)	$ 1,752	$ -

December 31, 2019

Hedging Instruments	Currency	Notional Amount (In Thousands)	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount Asset	Carrying Amount Liability	Change in Fair Values of Hedging Instruments Used for Calculating Hedge Ineffectiveness
Cash flow hedge								
Forecast purchases - forward exchange contracts	NT$/EUR	NT$ 84,066/ EUR 2,498	2020.03	$ 33.66	Hedging financial assets (liabilities)	$ 327	$ -	$ (742)

Hedged Items	Change in Value of Hedged Item Used for Calculating Hedge Ineffectiveness	Accumulated Gain or Loss on Hedging Instruments in Other Equity	
		Continuing Hedges	Hedge Accounting no Longer Applied
Cash flow hedge			
Forecast equipment purchases	$ 742	$ 327	$ -

Year ended December 31, 2020

Hedge Transaction	Comprehensive Income				
				Reclassification from Equity to Profit or Loss and the Adjusted Line Item	
	Hedging Gain or Loss Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge					
Forecast equipment purchases	$ 1,425	$ -	-	$ 20,564 Construction in progress and equipment to be accepted	$ - Other gains and losses

Year ended December 31, 2019

Hedge Transaction	Comprehensive Income				
				Reclassification from Equity to Profit or Loss and the Adjusted Line Item	
	Hedging Gain or Loss Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge					
Forecast equipment purchases	$ (742)	$ -	-	$ (2,026) Construction in progress and equipment to be accepted	$ - Other gains and losses

21. SHORT-TERM LOANS

	December 31	
	2020	2019
Unsecured bank loans	$ 67,000	$ 90,000

The annual interest rates of bank loans were as follows:

	December 31	
	2020	2019
Unsecured bank loans	1.12%-2.33%	1.20%-2.50%

22. SHORT-TERM BILLS PAYABLE

	December 31	
	2020	2019
Commercial paper payable	$ 7,000,000	$ -
Less: Discounts on commercial paper payable	(802)	-
	$ 6,999,198	$ -

The annual interest rates of commercial paper payable were as follows:

	December 31	
	2020	2019
Commercial paper payable	0.34%-0.36%	-

23. LONG-TERM LOANS

	December 31	
	2020	2019
Secured bank loans (Note 39)	$ 1,600,000	$ 1,600,000
Less: Current portion	(1,600,000)	-
	$ -	$ 1,600,000

The annual interest rates of loans were as follows:

	December 31	
	2020	2019
Secured bank loans	0.72%	0.92%

LED obtained a secured loan from Chang Hwa Bank in September 2010. Interest is paid monthly. $300,000 thousand and $1,350,000 thousand were originally due in December 2014 and September 2015, respectively. In October 2014, the bank borrowing mentioned above was extended to September 2018 for one time repayment. LED made an early repayment of $50,000 thousand in April 2015. LED entered into a contract with Chang Hwa Bank to renew the contract upon the maturity of the aforementioned contract in December 2017 and the due date of the renew contract is September 2021.

24. BONDS PAYABLE

	December 31	
	2020	2019
Unsecured domestic bonds	$ 20,000,000	$ -
Less: Discounts on bonds payable	(19,728)	-
	$ 19,980,272	$ -

The major terms of unsecured domestic bonds issued by Chunghwa were as follows:

Issuance	Tranche	Issuance Period	Total Amount	Coupon Rate	Repayment and Interest Payment
2020-1	A	July 2020 to July 2025	$ 8,800,000	0.50%	One-time repayment upon maturity; interest payable annually
	B	July 2020 to July 2027	7,500,000	0.54%	The same as above
	C	July 2020 to July 2030	3,700,000	0.59%	The same as above

25. TRADE NOTES AND ACCOUNTS PAYABLE

	December 31	
	2020	2019
Trade notes and accounts payable	$ 15,590,814	$ 15,312,274

Trade notes and accounts payable were attributable to operating activities and the trading conditions were agreed separately.

26. OTHER PAYABLES

	December 31	
	2020	2019
Accrued salary and compensation	$ 9,449,659	$ 9,482,606
Payables to contractors	1,778,735	1,892,188
Accrued compensation to employees and remuneration to directors and supervisors	1,690,796	1,440,573
Amounts collected for others	1,307,728	1,278,796
Payable on land (Note 15)	1,056,680	-
Payables to equipment suppliers	1,049,008	295,816
Accrued maintenance costs	1,039,689	954,761
Accrued franchise fees	785,352	1,091,148
Others	5,830,315	6,516,600
	$ 23,987,962	$ 22,952,488

27. PROVISIONS

	December 31	
	2020	2019
Warranties	$ 182,431	$ 173,275
Onerous contracts	170,433	66,907
Employee benefits	57,210	59,745
Others	4,097	4,397
	$ 414,171	$ 304,324
Current	$ 313,555	$ 206,942
Noncurrent	100,616	97,382
	$ 414,171	$ 304,324

	Warranties	Onerous Contracts	Employee Benefits	Others	Total
Balance on January 1, 2019	$ 131,664	$ 19,323	$ 51,393	$ 4,447	$ 206,827
Additional provisions recognized	127,517	47,584	9,194	-	184,295
Used / forfeited during the year	(85,906)	-	(842)	(50)	(86,798)
Balance on December 31, 2019	$ 173,275	$ 66,907	$ 59,745	$ 4,397	$ 304,324
Balance on January 1, 2020	$ 173,275	$ 66,907	$ 59,745	$ 4,397	$ 304,324
Additional / (reversal of) provisions recognized	130,984	91,990	(1,841)	(200)	220,933
Used / forfeited during the year	(121,828)	(3,722)	(694)	(100)	(126,344)
Acquired by business combinations (Note 13)	-	15,258	-	-	15,258
Balance on December 31, 2020	$ 182,431	$ 170,433	$ 57,210	$ 4,097	$ 414,171

a. The provision for warranty claims represents the present value of the management's best estimate of the future outflow of economic benefits that will be required under the Company's obligation for warranties in sales agreements. The estimate has been made based on the historical warranty experience.

b. The provision for employee benefits represents vested long-term service compensation accrued.

c. The provision for onerous contracts represents the present obligation resulting from the measurement for the unavoidable costs of meeting the Company's contractual obligations exceed the economic benefits expected to be received from the contracts.

28. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The pension plan under the Labor Pension Act of ROC (the "LPA") is considered as a defined contribution plan. Based on the LPA, Chunghwa and its domestic subsidiaries make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Its foreign subsidiaries would make monthly contributions based on the local pension requirements.

b. Defined benefit plans

Chunghwa completed its privatization plans on August 12, 2005. Chunghwa is required to pay all accrued pension obligations including service clearance payment, lump sum payment under civil service plan, additional separation payments, etc. upon the completion of the privatization in accordance with the Statute Governing Privatization of Stated-owned Enterprises. After paying all pension obligations for privatization, the plan assets of Chunghwa should be transferred to the Fund for Privatization of Government-owned Enterprises (the "Privatization Fund") under the Executive Yuan. On August 7, 2006, Chunghwa transferred the remaining balance of fund to the Privatization Fund. However, according to the instructions of MOTC, Chunghwa was requested to administer the distributions to employees for pension obligations including service clearance payment, lump sum payment under civil service plan, additional separation payments, etc. upon the completion of the privatization and recognized in other current monetary assets.

Chunghwa and its subsidiaries SENAO, CHIEF, CHSI, SHE, IISI and UTC with the pension mechanism under the Labor Standards Law in the ROC are considered as defined benefit plans. These pension plans provide benefits based on an employee's length of service and average six-month salary prior to retirement. Chunghwa and its subsidiaries contribute an amount no more than 15% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the names of the Committees in the Bank of Taiwan. The plan assets are held in a commingled fund which is operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the funds. According to the Article 56 of the Labor Standards Law, entities are required to contribute the difference in one appropriation to their pension funds before the end of next March when the balance of the Funds is insufficient to pay the eligible employees who meet the retirement criteria in the following year.

The amounts included in the consolidated balance sheets arising from the Company's obligation in respect of its defined benefit plans were as follows:

	December 31	
	2020	2019
Present value of funded defined benefit obligations	$ 39,536,563	$ 41,197,226
Fair value of plan assets	(39,493,787)	(39,819,944)
Funded status - deficit	$ 42,776	$ 1,377,282
Net defined benefit liabilities	$ 3,415,331	$ 3,504,617
Net defined benefit assets	(3,372,555)	(2,127,335)
	$ 42,776	$ 1,377,282

Movements in the defined benefit obligations and the fair value of plan assets were as follows:

	Present Value of Funded Defined Benefit Obligations	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance on January 1, 2019	$ 41,396,992	$ 39,027,144	$ 2,369,848
Current service cost	2,927,021	-	2,927,021
Interest expense / interest income	400,314	390,272	10,042
Amounts recognized in profit or loss	3,327,335	390,272	2,937,063

(Continued)

	Present Value of Funded Defined Benefit Obligations	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
Remeasurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	$ -	$ 1,337,771	$ (1,337,771)
Actuarial losses recognized from changes in demographic assumptions	5,746	-	5,746
Actuarial losses recognized from changes in financial assumptions	647,236	-	647,236
Actuarial gains recognized from experience adjustments	(841,564)	-	(841,564)
Amounts recognized in other comprehensive income	(188,582)	1,337,771	(1,526,353)
Contributions from employer	-	2,098,912	(2,098,912)
Benefits paid	(3,034,155)	(3,034,155)	-
Benefits paid directly by the Company	(304,364)	-	(304,364)
Balance on December 31, 2019	41,197,226	39,819,944	1,377,282
Current service cost	2,052,402	-	2,052,402
Interest expense / interest income	298,162	297,324	838
Amounts recognized in profit or loss	2,350,564	297,324	2,053,240
Remeasurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	-	1,307,772	(1,307,772)
Actuarial losses recognized from changes in financial assumptions	589,818	-	589,818
Actuarial gains recognized from experience adjustments	(475,195)	-	(475,195)
Amounts recognized in other comprehensive income	114,623	1,307,772	(1,193,149)
Contributions from employer	-	1,964,480	(1,964,480)
Benefits paid	(3,919,555)	(3,919,555)	-
Benefits paid directly by the Company	(262,730)	-	(262,730)
Acquired by business combinations (Note 13)	56,435	23,822	32,613
Balance on December 31, 2020	$ 39,536,563	$ 39,493,787	$ 42,776

(Concluded)

Relevant pension costs recognized in profit and loss for defined benefit plans were as follows:

	Year Ended December 31	
	2020	2019
Operating costs	$ 1,205,545	$ 1,725,644
Marketing expenses	602,754	866,412
General and administrative expenses	121,050	164,255
Research and development expenses	72,125	103,156
	$ 2,001,474	$ 2,859,467

The Company is exposed to following risks for the defined benefits plans under the Labor Standards Law:

a. Investment risk

Under the Labor Standards Law, the rate of return on assets shall not be lower than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return. The plan assets are held in a commingled fund mainly invested in foreign and domestic equity and debt securities and bank deposits which is operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the funds.

b. Interest rate risk

The decline in government bond interest rate will increase the present value of the obligation on the defined benefit plan, while the return on plan assets will increase. The net effect on the present value of the obligation on defined benefit plan is partially offset by the return on plan assets.

c. Salary risk

The calculation of the present value of defined benefit obligations is referred to the plan participants' future salary. Hence, the increase in plan participants' salary will increase the present value of the defined benefit obligations.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligations were carried out by the independent actuary.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Measurement Date	
	December 31	
	2020	2019
Discount rates	0.50%	0.75%
Expected rates of salary increase	1.00%-2.00%	1.20%-2.00%

If reasonably possible changes of the respective significant actuarial assumptions occur at the end of reporting periods, while holding all other assumptions constant, the present values of the defined benefit obligations would increase (decrease) as follows:

	December 31	
	2020	2019
Discount rates		
0.5% increase	$ (1,208,082)	$ (1,275,319)
0.5% decrease	$ 1,284,034	$ 1,356,153
Expected rates of salary increase		
0.5% increase	$ 1,372,403	$ 1,448,264
0.5% decrease	$ (1,302,983)	$ (1,374,156)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There is no change in the methods and assumptions used in preparing the sensitivity analysis from the previous period.

	December 31	
	2020	2019
The expected contributions to the plan for the next year	$ 1,931,842	$ 2,076,027
The average duration of the defined benefit obligations	6.4-13 years	6.5-14 years

As of December 31, 2020, the Company's maturity analysis of the undiscounted benefit payments was as follows:

Year	Amount
2021	$ 3,285,245
2022	7,055,727
2023	10,669,441
2024	11,798,911
2025 and thereafter	39,496,567
	$ 72,305,891

29. EQUITY

a. Share capital

1) Common stocks

	December 31	
	2020	2019
Number of authorized shares (thousand)	12,000,000	12,000,000
Authorized shares	$ 120,000,000	$ 120,000,000
Number of issued and paid shares (thousand)	7,757,447	7,757,447
Issued shares	$ 77,574,465	$ 77,574,465

Each issued common stock with par value of $10 is entitled the right to vote and receive dividends.

2) Global depositary receipts

The MOTC and some stockholders sold some common stocks of Chunghwa in an international offering of securities in the form of American Depositary Shares ("ADS") (one ADS represents 10 common stocks) in July 2003, August 2005, and September 2006. The ADSs were traded on the New York Stock Exchange since July 17, 2003. As of December 31, 2020, the outstanding ADSs were 220,439 thousand common stocks, which equaled 22,044 thousand units and represented 2.84% of Chunghwa's total outstanding common stocks.

The ADS holders generally have the same rights and obligations as other common stockholders, subject to the provision of relevant laws. The exercise of such rights and obligations shall comply with the related regulations and deposit agreement, which stipulate, among other things, that ADS holders are entitled to, through deposit agents:

a) Exercise their voting rights,

b) Sell their ADSs, and

c) Receive dividends declared and subscribe to the issuance of new shares.

b. Additional paid-in capital

The adjustments of additional paid-in capital for the years ended December 31, 2020 and 2019 were as follows:

	Share Premium	Movements of Additional Paid-in Capital for Associates Accounted for Using Equity Method	Movements of Additional Paid-in Capital Arising from Changes in Equities of Subsidiaries	Difference between Consideration Received and Carrying Amount of the Subsidiaries' Net Assets upon Disposal	Donated Capital	Stockholders' Contribution due to Privatization	Total
Balance on January 1, 2019	$ 147,329,386	$ 89,893	$ 2,063,148	$ 987,611	$ 18,648	$ 20,648,078	$ 171,136,764
Unclaimed dividend	-	-	-	-	1,266	-	1,266
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	118,853	-	-	-	-	118,853
Share-based payment transactions of subsidiaries	-	-	(898)	-	-	-	(898)
Balance on December 31, 2019	147,329,386	208,746	2,062,250	987,611	19,914	20,648,078	171,255,985
Unclaimed dividend	-	-	-	-	1,605	-	1,605
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	(21,918)	-	-	-	-	(21,918)
Change in additional paid-in capital for not proportionately participating in the capital increase of subsidiaries	-	-	(103)	-	-	-	(103)
Share-based payment transactions of subsidiaries	-	-	25,810	-	-	-	25,810
Balance on December 31, 2020	$ 147,329,386	$ 186,828	$ 2,087,957	$ 987,611	$ 21,519	$ 20,648,078	$ 171,261,379

Additional paid-in capital from share premium, donated capital and the difference between consideration received and the carrying amount of the subsidiaries' net assets upon disposal may be utilized to offset deficits. Furthermore, when Chunghwa has no deficit, it may be distributed in cash or capitalized, which however is limited to a certain percentage of Chunghwa's paid-in capital except the additional paid-in capital arising from unclaimed dividend can only be utilized to offset deficits.

The additional paid-in capital from movements of paid-in capital arising from changes in equities of subsidiaries may only be utilized to offset deficits.

Among additional paid-in capital from movements of investments in associates and joint ventures accounted for using equity method, the portion arising from the difference between consideration received and the carrying amount of the subsidiaries' net assets upon disposal may be utilized to offset deficits; furthermore, when the Company has no deficit, it may be distributed in cash or capitalized. However, other additional paid-in capital recognized in proportion of share ownership may only be utilized to offset deficits.

c. Retained earnings and dividends policy

In accordance with the Chunghwa's Articles of Incorporation, Chunghwa must pay all outstanding taxes, offset deficits in prior years and set aside a legal reserve equal to 10% of its net income before distributing a dividend or making any other distribution to stockholders, except when the accumulated amount of such legal reserve equals to Chunghwa's total issued capital, and depending on its business needs or requirements, may also set aside or reverse special reserves. No less than 50% of the remaining earnings comprising remaining balance of net income, if any, plus cumulative undistributed earnings shall be distributed as stockholders' dividends, of which cash dividends to be distributed shall not be less than 50% of the total amount of dividends to be distributed. If cash dividend to be distributed is less than $0.10 per share, such cash dividend shall be distributed in the form of common stocks.

Chunghwa should appropriate or reverse a special reserve in accordance with Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive entitled "Questions and Answers on Special Reserves Appropriated Following the Adoption of Taiwan-IFRSs". Distributions can be made out of any subsequent reversal of the debit to other equity items.

The appropriation for legal reserve shall be made until the accumulated reserve equals the aggregate par value of the outstanding capital stock of Chunghwa. This reserve can only be used to offset a deficit, or when the legal reserve has exceeded 25% of Chunghwa's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of the 2019 and 2018 earnings of Chunghwa approved by the stockholders in their meetings on May 29, 2020 and June 21, 2019 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Fiscal Year 2019	For Fiscal Year 2018	For Fiscal Year 2019	For Fiscal Year 2018
Cash dividends	$ 32,782,969	$ 34,745,603	$ 4.226	$ 4.479

The appropriations of earnings for 2020 had been proposed by Chunghwa's Board of Directors on February 23, 2021. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Cash dividends	$33,403,565	$ 4.306

The appropriations of earnings for 2020 are subject to the resolution of the stockholders' meeting planned to be held on May 28, 2021. Information of the appropriation of Chunghwa's earnings proposed by the Board of Directors and approved by the stockholders is available on the Market Observation Post System website.

d. Others

1) Exchange differences arising from the translation of the foreign operations

The exchange differences arising from the translation of the foreign operations from their functional currency to New Taiwan dollars were recognized as exchange differences arising from the translation of the foreign operations in other comprehensive income.

2) Unrealized gain or loss on financial assets at FVOCI

	Year Ended December 31	
	2020	2019
Beginning balance	$ 836,598	$ 538,272
Unrealized gain or loss for the year		
Equity instruments	419,989	298,326
Transferred accumulated gain or loss to unappropriated earnings resulting from the disposal of equity instruments (Note 8)	(16,686)	-
Ending balance	$1,239,901	$ 836,598

e. Noncontrolling interests

	Year Ended December 31	
	2020	2019
Beginning balance	$ 10,283,552	$ 9,990,345
Shares attributed to noncontrolling interests		
Net income for the year	1,299,413	975,397
Exchange differences arising from the translation of the foreign operations	(13,866)	7,753
Unrealized gain or loss on financial assets at FVOCI	(15,034)	(11,918)
Remeasurements of defined benefit pension plans	17,395	14,340
Income tax relating to exchange differences arising from the translation of the foreign operations	(128)	-
Income tax relating to remeasurements of defined benefit pension plans	(3,479)	(2,874)
Share of other comprehensive loss of associates and joint ventures accounted for using equity method	(2,190)	(1,325)
Cash dividends distributed by subsidiaries	(775,420)	(709,817)
Changes in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	(1,817)	1,064
Non-controlling interests increased by business combination of IISI (Note 13)	475,879	-
Share-based payment transactions of subsidiaries	63,063	21,320
Change in additional paid-in capital for not proportionately participating in the capital increase of subsidiaries	103	-
Net decrease in noncontrolling interests	-	(763)
Ending balance	$ 11,327,441	$ 10,283,522

30. REVENUES

	Year Ended December 31	
	2020	2019
Revenue from contracts with customers	$ 206,395,581	$ 206,359,673
Other revenues		
Rental income	842,941	817,553
Others	370,476	342,835
	1,213,417	1,160,388
	$ 207,608,998	$ 207,520,061

For the information of performance obligations related to customer contracts, please refer to Note 3 Summary of Significant Accounting Policies for details.

a. Disaggregation of revenue

2020

	Domestic Fixed Communi-cations Business	Mobile Communi-cations Business	Internet Business	International Fixed Communi-cations Business	Others	Total
Main Products and Service Revenues						
Mobile services revenue	$ -	$ 56,724,433	$ -	$ -	$ -	$ 56,724,433
Sales of products	2,214,161	32,111,502	106,672	313,214	4,645,167	39,390,716
Local telephone and domestic long distance telephone services revenue	26,474,747	-	-	-	-	26,474,747
Broadband access and domestic leased line services revenue	22,420,164	-	-	-	-	22,420,164
Data communications internet services revenue	-	-	21,446,960	-	-	21,446,960
International network and leased line services revenue	-	-	-	3,884,182	-	3,884,182
Others	17,694,619	1,307,382	10,254,599	4,484,648	2,313,131	36,054,379
	$ 68,803,691	$ 90,143,317	$ 31,808,231	$ 8,682,044	$ 6,958,298	$206,395,581

2019

	Domestic Fixed Communi-cations Business	Mobile Communi-cations Business	Internet Business	International Fixed Communi-cations Business	Others	Total
Main Products and Service Revenues						
Mobile services revenue	$ -	$ 58,703,003	$ -	$ -	$ -	$ 58,703,003
Sales of products	1,957,460	35,545,256	40,873	264,949	3,784,586	41,593,124
Local telephone and domestic long distance telephone services revenue	27,929,263	-	-	-	-	27,929,263
Broadband access and domestic leased line services revenue	22,115,908	-	-	-	-	22,115,908
Data communications internet services revenue	-	-	21,002,699	-	-	21,002,699
International network and leased line services revenue	-	-	-	7,066,361	-	7,066,361
Others	13,063,469	1,141,584	8,789,794	4,143,885	810,583	27,949,315
	$ 65,066,100	$ 95,389,843	$ 29,833,366	$ 11,475,195	$ 4,595,169	$206,359,673

b. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Trade notes and accounts receivable (Note 9)	$ 22,621,902	$ 26,407,783	$ 30,075,503
Contract assets			
Products and service bundling	$ 7,232,134	$ 6,942,974	$ 7,122,875
Others	612,206	115,993	108,581
Less: Loss allowance	(17,792)	(16,858)	(18,770)
	$ 7,826,548	$ 7,042,109	$ 7,212,686
Current	$ 5,331,246	$ 4,441,196	$ 4,868,728
Noncurrent	2,495,302	2,600,913	2,343,958
	$ 7,826,548	$ 7,042,109	$ 7,212,686

(Continued)

	December 31, 2020	December 31, 2019	January 1, 2019
Contract liabilities			
Telecommunications business	$ 13,601,662	$ 12,771,621	$ 8,193,215
Project business	6,686,561	10,360,428	4,508,200
Products and service bundling	16,404	38,570	105,559
Others	421,166	510,696	475,947
	$ 20,725,793	$ 23,681,315	$ 13,282,921
Current	$ 13,436,706	$ 16,839,830	$ 10,687,772
Noncurrent	7,289,087	6,841,485	2,595,149
	$ 20,725,793	$ 23,681,315	$ 13,282,921

(Concluded)

The changes in the contract asset and the contract liability balances primarily result from the timing difference between the satisfaction of performance obligations and the payments collected from customers. Significant changes of contract assets and liabilities recognized resulting from product and service bundling were as follows:

	Year Ended December 31	
	2020	2019
Contract assets		
Net increase of customer contracts	$ 5,972,451	$ 6,066,406
Reclassified to trade receivables	(5,681,532)	(6,405,198)
	$ 290,919	$ (338,792)
Contract liabilities		
Net increase of customer contracts	$ 7,370	$ 21,844
Recognized as revenues	(29,536)	(88,833)
	$ (22,166)	$ (66,989)

The Company applies the simplified approach to recognize expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for receivables. Contract assets will be reclassified to trade receivables when the corresponding invoice is billed to the client. Contract assets have substantially the same risk characteristics as the trade receivables of the same types of contracts. Therefore, the Company concluded that the expected loss rates for trade receivables can be applied to the contract assets.

Revenue recognized for the period that was included in the contract liability at the beginning of the year was as follows:

	Year Ended December 31	
	2020	2019
Telecommunications business	$ 5,492,271	$ 6,185,997
Project business	6,091,951	3,973,559
Others	511,619	403,921
	$ 12,095,841	$ 10,563,477

c. Incremental costs of obtaining contracts

	December 31	
	2020	2019
Noncurrent		
Incremental costs of obtaining contracts	$ 999,593	$ 942,652

The Company considered the past experience and the default clauses in the telecommunications service contracts and believes the commissions and equipment subsidies paid for obtaining such contracts are expected to be recoverable; therefore, such costs were capitalized. Amortization expenses for the years ended December 31, 2020 and 2019 were $771,875 thousand and $1,173,492 thousand, respectively.

d. Remaining Performance Obligations

As of December 31, 2020, the aggregate amount of transaction price allocated to performance obligations for non-cancellable telecommunications service contracts that are unsatisfied is $29,501,357 thousand. The Company recognizes revenue when service is provided over contract terms. The Company expects to recognize such revenue of $18,728,796 thousand, $9,081,973 thousand and $1,690,588 thousand in 2021, 2022 and 2023, respectively. The variable consideration collected from customers on nonrecurring basis resulting from exceeded usage from monthly fee and revenue recognized for contracts that the Company has a right to consideration from customers in the amount corresponding directly with the value to the customers of the Company's performance completed to date have been excluded from the disclosure of remaining performance obligations.

As of December 31, 2020, the aggregate amount of transaction price allocated to performance obligations for non-cancellable project business contracts that are unsatisfied is $18,554,982 thousand. The Company recognizes revenues when the project business contract is completed and accepted by customers. The Company expects to recognize such revenue of $7,977,505 thousand, $5,896,740 thousand and $4,680,737 thousand in 2021, 2022 and 2023, respectively. Project business contracts whose expected duration are less than a year have been excluded from the aforementioned disclosure.

31. NET INCOME

a. Other income and expenses

	Year Ended December 31	
	2020	2019
Gain (loss) on disposal of property, plant and equipment	$1,427,984	$ (37,785)
Impairment loss on property, plant and equipment	-	(93,073)
Gain on disposal of investment properties	151,357	-
Reversal of impairment loss on investment properties	27,066	56,617
Loss on disposal of intangible assets	(1,858)	(146)
Impairment loss on intangible assets	(9,303)	(8,946)
Impairment loss on other assets	-	(43,971)
	$1,595,246	$ (127,304)

b. Other income

	Year Ended December 31	
	2020	2019
Dividend income	$ 246,084	$ 296,360
Rental income	70,123	84,870
Others	153,401	150,394
	$ 469,608	$ 531,624

c. Other gains and losses

	Year Ended December 31	
	2020	2019
Foreign currency exchange gain or loss, net	$ (46,535)	$ 15,823
Gain on disposal of investments accounted for using equity method	15,946	30,152
Gain (loss) on disposal of financial instruments	(1,788)	3,944
Valuation loss on financial assets and liabilities at fair value through profit or loss, net	(99,150)	(38,314)
Others	(21,440)	(48,076)
	$ (152,967)	$ (36,471)

d. Interest expenses

	Year Ended December 31	
	2020	2019
Interest paid to financial institutions	$ 79,067	$ 17,496
Interest on lease liabilities	79,654	84,918
Interest on bonds payable	45,614	-
Others	1,728	1,728
	$ 206,063	$ 104,142

e. Impairment loss (reversal of impairment loss)

	Year Ended December 31	
	2020	2019
Contract assets	$ 934	$ (1,912)
Trade notes and accounts receivable	$ 48,708	$ (53,952)
Other receivables	$ (4,757)	$ (69,247)
Inventories	$1,161,281	$ 474,709
Property, plant and equipment	$ -	$ 93,073
Investment properties	$ (27,066)	$ (56,617)
Intangible assets	$ 9,303	$ 8,946
Other assets	$ -	$ 43,971

f. Depreciation and amortization expenses

	Year Ended December 31	
	2020	2019
Property, plant and equipment	$ 26,988,500	$ 26,930,188
Right-of-use assets	3,931,498	3,967,646
Investment properties	22,332	25,157
Intangible assets	5,424,367	4,252,602
Incremental costs of obtaining contracts	771,875	1,173,492
Total depreciation and amortization expenses	$ 37,138,572	$ 36,349,085
Depreciation expenses summarized by functions		
Operating costs	$ 29,056,306	$ 28,956,751
Operating expenses	1,886,024	1,966,240
	$ 30,942,330	$ 30,922,991
Amortization expenses summarized by functions		
Operating costs	$ 5,971,033	$ 5,196,298
Marketing expenses	99,881	96,477
General and administrative expenses	82,436	94,487
Research and development expenses	42,892	38,832
	$ 6,196,242	$ 5,426,094

g. Employee benefit expenses

	Year Ended December 31	
	2020	2019
Post-employment benefit		
Defined contribution plans	$ 708,230	$ 654,449
Defined benefit plans	2,001,474	2,859,467
	2,709,704	3,513,916
Share-based payment		
Equity-settled share-based payment	7,578	1,597
Other employee benefit		
Salaries	26,630,387	25,463,967
Insurance	2,712,327	2,746,088
Others	12,903,211	14,429,853
	42,245,925	42,639,908
Total employee benefit expenses	$ 44,963,207	$ 46,155,421
Summary by functions		
Operating costs	$ 23,005,380	$ 23,586,735
Operating expenses	21,957,827	22,568,686
	$ 44,963,207	$ 46,155,421

Chunghwa distributes employees' compensation at the rates from 1.7% to 4.3% and remuneration to directors not higher than 0.17%, respectively, of pre-tax income. As of December 31, 2020, the payables of the employees' compensation and the remuneration to directors were $1,202,448 thousand and $35,803 thousand, respectively. Such amounts have been approved by the Chunghwa's Board of Directors on February 23, 2021 and will be reported to the stockholders in their meeting planned to be held on May 28, 2021.

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the difference is recorded as a change in accounting estimate.

The compensation to the employees and remuneration to the directors of 2019 and 2018 approved by the Board of Directors on February 26, 2020 and March 19, 2019, respectively, were as follows:

	2019	2018
	Cash	Cash
Compensation distributed to the employees	$ 1,126,194	$ 1,404,264
Remuneration paid to the directors	35,210	38,216

There was no difference between the initial accrued amounts recognized in 2019 and 2018 and the amounts approved by the Board of Directors in 2020 and 2019 of the aforementioned compensation to employees and the remuneration to directors.

Information of the appropriation of Chunghwa's employees compensation and remuneration to directors and those approved by the Board of Directors is available on the Market Observation Post System website.

32. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	Year Ended December 31	
	2020	2019
Current tax		
Current tax expenses recognized for the year	$ 8,172,184	$ 8,109,261
Income tax on unappropriated earnings	11,329	19,523
Income tax adjustments on prior years	(22,436)	(90,531)
Others	19,661	11,574
	8,180,738	8,049,827
Deferred tax		
Deferred tax benefits recognized for the year	(81,618)	(63,119)
Income tax adjustments on prior years	26,308	(859)
	(55,310)	(63,978)
Income tax recognized in profit or loss	$ 8,125,428	$ 7,985,849

Reconciliation of accounting profit and income tax expense was as follows:

	Year Ended December 31	
	2020	2019
Income before income tax	$ 42,830,971	$ 41,749,792
Income tax expense calculated at the statutory rate	$ 8,566,194	$ 8,349,958
Nondeductible income and expenses in determining taxable income	14,975	17,616
Unrecognized deductible temporary differences	(4,708)	3,243
Unrecognized loss carryforwards	3,515	7,221
Tax-exempt income	(367,817)	(125,004)
Income tax on unappropriated earnings	11,329	19,523
Investment credits	(130,888)	(202,921)
Effect of different tax rates of group entities operating in other jurisdictions	10,324	(8,981)
Income tax adjustments on prior years	3,872	(91,390)
Others	18,632	16,584
Income tax expense recognized in profit or loss	$ 8,125,428	$ 7,985,849

The applicable tax rate used by the entities subject to the Income Tax Act of the Republic of China is 20%, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other entities of the Company operating in other jurisdictions are based on the tax laws in those jurisdictions.

In July 2019, the President of the ROC announced the amendments to the Statute of Industrial Innovation, which stipulate that the unappropriated earnings in 2018 and thereafter that are used to build or acquire certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. The Company has deducted the reinvested capital expenditure while calculating income tax on unappropriated earnings.

b. Income tax recognized in other comprehensive income

	Year Ended December 31	
	2020	2019
Deferred tax		
Remeasurement on defined benefit pension plans	$ 238,630	$ 305,271
Exchange differences arising from the translation of the foreign operations	263	-
Total income tax expense recognized in other comprehensive income	$ 238,893	$ 305,271

c. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable (included in other current assets - other)	$ 774	$ 897
Current tax liabilities		
Income tax payable	$4,369,241	$4,020,670

d. Deferred income tax assets and liabilities

The movements of deferred income tax assets and liabilities were as follows:

For the year ended December 31, 2020

	Beginning Balance	Acquired by business combinations (Note 13)	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred income tax assets					
Temporary differences					
Defined benefit pension plans	$ 2,034,357	$ 1,366	$ 18,960	$ (238,525)	$ 1,816,158
Share of profit or loss of associates and joint ventures accounted for using equity method	402,059	-	(1,283)	-	400,776
Allowance for doubtful receivables over quota	403,712	-	(39,105)	-	364,607
Valuation loss on inventory	140,838	2,710	155,651	-	299,199
Deferred revenue	97,457	-	(24,390)	-	73,067
Estimated warranty liabilities	34,461	-	1,704	-	36,165
Accrued award credits liabilities	17,318	-	1,091	-	18,409
Others	100,033	1,589	2,102	(263)	103,461
	3,230,235	5,665	114,730	(238,788)	3,111,842
Loss carryforwards	28,372	-	(7,501)	-	20,871
	$ 3,258,607	$ 5,665	$ 107,229	$ (238,788)	$ 3,132,713
Deferred income tax liabilities					
Temporary differences					
Defined benefit pension plans	$ 1,758,131	$ -	$ 53,957	$ 105	$ 1,812,193
Land value incremental tax	94,986	-	-	-	94,986
Deferred revenue for award credits	28,543	-	1,664	-	30,207
Intangible assets	29,513	-	(2,514)	-	26,999
Others	1,132	2,209	(1,188)	-	2,153
	$ 1,912,305	$ 2,209	$ 51,919	$ 105	$ 1,966,538

For the year ended December 31, 2019

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred income tax assets				
Temporary differences				
Defined benefit pension plans	$ 2,307,057	$ 32,475	$ (305,175)	$ 2,034,357
Share of profit or loss of associates and joint ventures accounted for using equity method	389,379	12,680	-	402,059
Allowance for doubtful receivables over quota	435,445	(31,733)	-	403,712
Valuation loss on inventory	87,474	53,364	-	140,838
Deferred revenue	110,929	(13,472)	-	97,457
Estimated warranty liabilities	25,989	8,472	-	34,461

(Continued)

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Accrued award credits liabilities	$ 13,912	$ 3,406	$ -	$ 17,318
Others	168,317	(68,284)	-	100,033
	3,538,502	(3,092)	(305,175)	3,230,235
Loss carryforwards	40,942	(12,570)	-	28,372
	$ 3,579,444	$ (15,662)	$ (305,175)	$ 3,258,607
Deferred income tax liabilities				
Temporary differences				
Defined benefit pension plans	$ 1,832,669	$ (74,634)	$ 96	$ 1,758,131
Land value incremental tax	94,986	-	-	94,986
Deferred revenue for award credits	30,690	(2,147)	-	28,543
Intangible assets	32,028	(2,515)	-	29,513
Others	1,476	(344)	-	1,132
	$ 1,991,849	$ (79,640)	$ 96	$ 1,912,305

(Concluded)

e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2020	2019
Loss carryforwards		
Expire in 2021	$ 11,826	$ 12,406
Expire in 2022	9,997	10,264
Expire in 2023	8,251	8,251
Expire in 2024	8,364	8,189
Expire in 2025	19,106	15,438
Expire in 2026	8,423	8,423
Expire in 2027	2,585	2,585
Expire in 2028	930	930
Expire in 2029	697	293
Expire in 2030	198	-
	$ 70,377	$ 66,779
Deductible temporary differences	$ -	$ 813

f. Information about unused loss carryforwards

As of December 31, 2020, information about loss carryforwards was as follows:

Remaining Creditable Amount	Expiry Year
$ 13,791	2021
10,848	2022
8,923	2023
8,547	2024
21,900	2025
15,529	2026
3,503	2027
4,556	2028
2,034	2029
1,617	2030
$ 91,248	

g. Income tax examinations

Income tax returns of Chunghwa have been examined by the tax authorities through 2017. Income tax returns of SENAO, ISPOT, Youth, Youyi, SENYOUNG, Aval, CHIEF, CHSI, SHE, CHI, CHPT, SFD, CLPT, CHTSC, HHI, IISI and UTC have been examined by the tax authorities through 2018. Income tax returns of CHYP, LED, Unigate and CHST have been examined by the tax authorities through 2019.

33. EARNINGS PER SHARE ("EPS")

Net income and weighted average number of common stocks used in the calculation of earnings per share were as follows:

Net Income

	Year Ended December 31	
	2020	2019
Net income used to compute the basic earnings per share		
Net income attributable to the parent	$ 33,406,130	$ 32,788,546
Assumed conversion of all dilutive potential common stocks		
Employee stock options and employee compensation of subsidiaries	(7,241)	(3,617)
Net income used to compute the diluted earnings per share	$ 33,398,889	$ 32,784,929

Weighted Average Number of Common Stocks

(Thousand Shares)

	Year Ended December 31	
	2020	2019
Weighted average number of common stocks used to compute the basic earnings per share	7,757,447	7,757,447
Assumed conversion of all dilutive potential common stocks		
Employee compensation	7,108	7,862
Weighted average number of common stocks used to compute the diluted earnings per share	7,764,555	7,765,309

As Chunghwa may settle the employee compensation in shares or cash, Chunghwa shall presume that it will be settled in shares and take those shares into consideration when calculating the weighted average number of outstanding shares used in the calculation of diluted EPS if the shares have a dilutive effect. The dilutive effect of the shares needs to be considered until the approval of the number of shares to be distributed to employees as compensation in the following year.

34. SHARE-BASED PAYMENT ARRANGEMENT

a. SENAO share-based compensation plan ("SENAO Plan") described as follows:

Effective Date for Plan Registration	Resolution Date by SENAO's Board of Directors	Stock Options Units (Thousand)	Exercise Price (NT$)
2012.05.28	2013.04.29	10,000	$66.20 (Original price $93.00)

Each option is eligible to subscribe for one common share when exercisable. Under the terms of the SENAO Plan, the options are granted at an exercise price equal to the closing price of SENAO's common stocks listed on the TWSE on the higher of closing price or par value. The SENAO Plan has an exercise price adjustment formula upon the changes in common stocks equity (including cash capital increase, new share issue through capitalization of earnings and additional paid-in capital, merger, spin off and new share issue for Global Depositary Shares, and so on) or distribution of cash dividends. The options of the SENAO Plan are valid for six years and the graded vesting schedule for which 50% of options granted will vest two years after the grant date and another two tranches of 25%, each will vest three and four years after the grant date respectively.

No compensation cost of stock options granted on May 7, 2013 was recognized for the years ended December 31, 2020 and 2019.

Information about SENAO's outstanding stock options for the year ended December 31, 2019 was as follows:

	Year Ended December 31, 2019	
	Granted on May 7, 2013	
	Number of Options (Thousand)	Weighted Average Exercise Price (NT$)
Employee stock options		
Options outstanding at beginning of the year	5,318	$ 66.20
Options forfeited	(5,318)	-
Options outstanding at end of the year	-	-
Options exercisable at end of the year	-	-

As of December 31, 2020 and 2019, there were no outstanding stock options.

SENAO used the fair value method to evaluate the options using the Black-Scholes model and the related assumptions and the fair value of the options were as follows:

	Stock Options Granted on May 7, 2013
Grant-date share price (NT$)	$93.00
Exercise price (NT$)	$93.00
Dividend yield	-
Risk-free interest rate	0.91%
Expected life	4.375 years
Expected volatility	36.22%
Weighted average fair value of grants (NT$)	$28.72

Expected volatility was based on the historical share price volatility of SENAO over the period equal to the expected life of the SENAO Plan.

b. CHIEF share-based compensation plan ("CHIEF Plan") described as follows:

Effective Date for Plan Registration	Resolution Date by CHIEF's Board of Directors	Stock Options Units	Exercise Price (NT$)
2020.09.16	2020.10.26	200.00	$206.00
2017.12.18	2018.10.31	50.00	$138.70 (Original price $147.00)
	2017.12.19	950.00	$132.70 (Original price $147.00)
2015.11.17	2015.10.22	2,000.00	$ 34.40 (Original price $ 43.00)

Each option is eligible to subscribe for one thousand common stocks when exercisable. The options are granted to specific employees that meet the vesting conditions. The CHIEF Plan has an exercise price adjustment formula upon the changes in common stocks or distribution of cash dividends. The options of the CHIEF Plan are valid for five years and the graded vesting schedule will vest two years after the grant date.

The Board of Directors of CHIEF resolved to issue stock options in October 26, 2020 and authorized the chairman to decide the grant date. Afterwards, the grant date was decided as November 13, 2020. The compensation costs were $1,297 thousand for the year ended December 31, 2020.

The compensation costs for stock options granted on October 31, 2018 were $312 thousand and $552 thousand for the years ended December 31, 2020 and 2019, respectively.

The compensation costs for stock options granted on December 19, 2017 were $226 thousand and $582 thousand for the years ended December 31, 2020 and 2019, respectively.

The compensation costs for stock options granted on October 22, 2015 was $272 thousand for the year ended December 31, 2019. No compensation cost was recognized for the year ended December 31, 2020.

CHIEF modified the plan terms of stock options granted on October 31, 2018 in June 2019 and July 2020; therefore, the exercise price changed from $147.00 to $141.70 and $138.70 per share. The modification did not cause any incremental fair value granted.

CHIEF modified the plan terms of stock options granted on December 19, 2017 in June 2019 and July 2020; therefore, the exercise price changed from $140.60 to $135.60 and $132.70 per share. The modification did not cause any incremental fair value granted.

Information about CHIEF's outstanding stock options for the years ended December 31, 2020 and 2019 was as follows:

	Year Ended December 31, 2020							
	Granted on November 13, 2020		Granted on October 31, 2018		Granted on December 19, 2017		Granted on October 22, 2015	
	Number of Options	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)
Employee stock options								
Options outstanding at beginning of the year	-	$ -	46.00	$ 141.70	897.00	$ 135.60	314.25	$ 34.40
Options granted	200.00	206.00	-	-	-	-	-	-
Options exercised	-	-	(21.00)	138.70	(448.50)	135.60	(314.25)	34.40
Options forfeited	-	-	(4.00)	-	(21.00)	-	-	-
Options outstanding at end of the year	200.00	206.00	21.00	138.70	427.50	132.70	-	-
Options exercisable at end of the year	-	-	-	-	213.75	132.70	-	-

	Year Ended December 31, 2019					
	Granted on October 31, 2018		Granted on December 19, 2017		Granted on October 22, 2015	
	Number of Options	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)
Employee stock options						
Options outstanding at beginning of the year	50.00	$ 147.00	925.00	$ 140.60	882.75	$ 34.40
Options exercised	-	-	-	-	(547.25)	34.40
Options forfeited	(4.00)	-	(28.00)	-	(21.25)	-
Options outstanding at end of the year	46.00	141.70	897.00	135.60	314.25	34.40
Options exercisable at end of the year	-	-	448.50	135.60	314.25	34.40

As of December 31, 2020, information about employee stock options outstanding was as follows:

Granted on November 13, 2020

Options Outstanding				Options Exercisable	
Range of Exercise Price (NT$)	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)
$206.00	200.00	4.87	$206.00	-	$ -

Granted on October 31, 2018

Options Outstanding				Options Exercisable	
Range of Exercise Price (NT$)	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)
$138.70	21.00	2.83	$138.70	-	$ -

Granted on December 19, 2017

Options Outstanding				Options Exercisable	
Range of Exercise Price (NT$)	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)
$132.70	427.50	1.96	$132.70	213.75	$132.70

As of December 31, 2020, all the stock options granted on October 22, 2015 were exercised or forfeited.

As of December 31, 2019, information about employee stock options outstanding was as follows:

Granted on October 31, 2018

Options Outstanding				Options Exercisable	
Range of Exercise Price (NT$)	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)
$141.70	46.00	3.83	$141.70	-	$ -

Granted on December 19, 2017

Options Outstanding				Options Exercisable	
Range of Exercise Price (NT$)	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)
$135.60	897.00	2.96	$135.60	448.50	$135.60

Granted on October 22, 2015

Options Outstanding				Options Exercisable	
Range of Exercise Price (NT$)	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)
$ 34.40	314.25	0.81	$ 34.40	314.25	$ 34.40

CHIEF used the fair value method to evaluate the options using the Black-Scholes model and binomial option pricing model and the related assumptions and the fair value of the options were as follows:

	Stock Options Granted on November 13, 2020	Stock Options Granted on October 31, 2018	Stock Options Granted on December 19, 2017	Stock Options Granted on October 22, 2015
Grant-date share price (NT$)	$356.00	$166.00	$95.92	$39.55
Exercise price (NT$)	$206.00	$147.00	$147.00	$43.00
Dividend yield	-	-	-	-
Risk-free interest rate	0.18%	0.72%	0.62%	0.86%
Expected life	5 years	5 years	5 years	5 years
Expected volatility	34.61%	16.60%	17.35%	21.02%
Weighted average fair value of grants (NT$)	$173,893	$33,540	$2,318	$4,863

The expected volatility for the options granted in 2020 was based on CHIEF's average annualized historical share price volatility from June 5, 2018, CHIEF's listing date on Taipei Exchange, to the grant date. The expected volatilities for the options granted from 2015 to 2018 were based on the average annualized historical share price volatility of CHIEF's comparable companies before the grant date.

c. CHTSC share-based compensation plan ("CHTSC Plan") described as follows:

The Board of Directors of CHTSC resolved to issue 4,500 stock options that are granted to specific employees that meet the vesting conditions on December 20, 2019. Each option is eligible to subscribe for one thousand common stocks when exercisable, and the exercise price is $19.085. The CHTSC Plan has an exercise price adjustment formula upon the changes in common stocks. The options of the CHTSC Plan are valid for five years and the graded vesting schedule will vest one year after the grant date.

The compensation costs were $5,743 thousand and $191 thousand for the years ended December 31, 2020 and 2019, respectively.

Information about CHTSC's outstanding stock options for the years ended December 31, 2020 and 2019 were as follows:

	Year Ended December 31			
	2020		2019	
	Granted on December 20, 2019		Granted on December 20, 2019	
	Number of Options	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)
Employee stock options				
Options outstanding at beginning of the year	4,500	$ 19.085	-	$ -
Options granted	-	-	4,500	19.085
Options forfeited	(172)	-	-	-
Options outstanding at end of the year	4,328	19.085	4,500	19.085
Options exercisable at end of the year	1,082	19.085	-	-

As of December 31, 2020, information about employee stock options outstanding was as follows:

Options Outstanding				Options Exercisable	
Range of Exercise Price (NT$)	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)
$19.085	4,328	3.97	$19.085	1,082	$19.085

As of December 31, 2019, information about employee stock options outstanding was as follows:

Options Outstanding				Options Exercisable	
Range of Exercise Price (NT$)	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)
$19.085	4,500	4.97	$19.085	-	$ -

CHTSC used the fair value method to evaluate the options using the Black-Scholes model and the related assumptions and the fair value of the options were as follows:

	Stock Options Granted on December 20, 2019
Grant-date share price (NT$)	$20.17
Exercise price (NT$)	$19.085
Dividend yield	12.49%
Risk-free interest rate	0.54%
Expected life	5 years
Expected volatility	42.41%
Weighted average fair value of grants (NT$)	$2,470

Expected volatility was based on the average annualized historical share price volatility of CHTSC's comparable companies before the grant date.

d. IISI share-based compensation plan ("IISI Plan") described as follows:

IISI issued 1,665 and 1,335 options in January 2014 and August 2013, respectively. Each option is eligible to subscribe for one thousand common stocks when exercisable. The options are granted to specific employees of IISI and its subsidiaires that meet the vesting conditions. The options of the IISI Plan are valid for seven years and the graded vesting schedule will vest two years after the grant date. The exercise price of the original options is $14 per share. After the options are issued, if the common stocks of IISI change, the exercise price of the options should be adjusted according to the prescibed formula.

No compensation cost of stock options granted was recognized for the six months ended December 31, 2020.

Information about IISI's outstanding stock options for the year ended December 31, 2020 was as follows:

	Year Ended December 31, 2020			
	Granted in January 2014		Granted in August 2013	
	Number of Options	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)
Employee stock options				
Options outstanding at beginning of the year	-	$ -	-	$ -
Options outstanding upon the date of business combination	580.00	14.00	1,022.96	14.00
Options exercised	(50.00)	14.00	(432.50)	14.00
Options forfeited	-	-	(590.46)	-
Options outstanding at end of the year	530.00	14.00	-	-
Options exercisable at end of the year	530.00	14.00	-	-

As of December 31, 2020, information about employee stock options outstanding was as follows:

Granted in January 2014					
Options Outstanding				Options Exercisable	
Range of Exercise Price (NT$)	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)
$ 14.00	530.00	0.04	$ 14.00	530.00	$ 14.00

As of December 31, 2020, the options granted to employees in 2013 have been fully exercised or forfeited.

IISI used the fair value method to evaluate the options using the Black-Scholes model and the related assumptions and the fair value of the options were as follows:

	Stock Options Granted in January 2014	Stock Options Granted in August 2013
Grant-date share price (NT$)	$14.51	$12.51
Exercise price (NT$)	$14.00	$14.00
Dividend yield	6%	6%
Risk-free interest rate	1.16%-1.32%	1.20%-1.39%
Expected life	4.5-5.5 years	4.5-5.5 years
Expected volatility	35.28%-35.97%	36.01%-36.62%
Weighted average fair value of grants (NT$)	$14.51	$12.51

Expected volatility was based on the average annualized historical share price volatility of IISI's comparable companies before the grant date.

35. CASH FLOW INFORMATION

Except for those disclosed in other notes, the Company entered into the following non-cash investing and financing activities:

Investing activities	Year Ended December 31 2020	2019
Increase in property, plant and equipment	$ 25,194,727	$ 23,164,284
Changes in other payables	(1,683,907)	1,001,573
Acquisition of property, plant and equipment	$ 23,510,820	$ 24,165,857
Increase in investment properties	$ 1,359,502	$ 523
Trade-in investment properties from asset exchange transaction (Note 15)	(1,305,067)	-
Acquisition of investment properties	$ 54,435	$ 523
Increase in intangible assets	$ 48,605,187	$ 362,718
Changes in other assets	(1,000,000)	-
Acquisition of intangible assets	$ 47,605,187	$ 362,718
Disposal of property, plant and equipment, net	$ 307,190	$ 85,942
Gain (loss) on disposal of property, plant and equipment	1,427,984	(37,785)
Trade-in investment properties from asset exchange transaction (Note 15)	(1,305,067)	-
Changes in other payables	(79,986)	-
Changes in other current monetary assets	(31,032)	-
Proceeds from disposal of property, plant and equipment	$ 319,089	$ 48,157

Financing Activities

	Balance on January 1, 2020	Cash Flows from Financing Activities	Changes in Non-Cash Transactions			Cash Flows from Operation Activities - Interest Paid	Balance on December 31, 2020
			New Leases	Acquired by Business Combination (Note 13)	Others		
Lease liabilities	$ 9,758,138	$ (3,683,204)	$ 3,796,370	$ 70,905	$ (265,888)	$ (79,654)	$ 9,596,667

	Balance on January 1, 2019	Cash Flows from Financing Activities	Changes in Non-Cash Transactions		Cash Flows from Operation Activities - Interest Paid	Balance on December 31, 2019
			New Leases	Others		
Lease liabilities	$10,340,057	$ (3,727,792)	$ 3,803,042	$ (572,251)	$ (84,918)	$ 9,758,138

36. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of debt of the Company and the equity attributable to the parent.

Some consolidated entities are required to maintain minimum paid-in capital amount as prescribed by the applicable laws.

The management reviews the capital structure of the Company as needed. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. According to the management's suggestions, the Company maintains a balanced capital structure through paying cash dividends, increasing its share capital, purchasing outstanding shares, and issuing new debt or repaying debt.

37. FINANCIAL INSTRUMENTS

Fair Value Information

The fair value measurement guidance establishes a framework for measuring fair value and expands disclosure about fair value measurements. The standard describes a fair value hierarchy based on three levels of inputs that may be used to measure fair value. These levels are:

Level 1 fair value measurements: These measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements: These measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements: These measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

a. Financial instruments that are not measured at fair value but for which fair value is disclosed

Except those listed in the table below, the Company considers that the carrying amounts of financial assets and liabilities not measured at fair value approximate their fair values or the fair values cannot be reliable estimated.

	December 31			
	2020		2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial liabilities				
Financial liabilities measured at amortized cost				
Bonds payable	$ 19,980,272	$ 20,078,098	$ -	$ -

The fair value of bonds payable is measured using Level 2 inputs. The valuation of fair value is based on the weighted-average per-hundred price of Taipei Exchange at the end of reporting period.

b. Financial instruments that are measured at fair value on a recurring basis

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	$ -	$ 2,271	$ -	$ 2,271
Listed stocks	7,626	-	-	7,626
Non-listed stocks	-	-	677,202	677,202
	$ 7,626	$ 2,271	$ 677,202	$ 687,099
Hedging financial assets	$ -	$ 1,752	$ -	$ 1,752
Financial assets at FVOCI				
Listed stocks	$ 2,754,175	$ -	$ -	$ 2,754,175
Non-listed stocks	-	-	4,438,999	4,438,999
	$ 2,754,175	$ -	$ 4,438,999	$ 7,193,174
Financial liabilities at FVTPL				
Derivatives	$ -	$ 143	$ -	$ 143

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	$ -	$ 53	$ -	$ 53
Listed stocks	463	-	-	463
Non-listed stocks	-	-	778,105	778,105
	$ 463	$ 53	$ 778,105	$ 778,621
Hedging financial assets	$ -	$ 327	$ -	$ 327
Financial assets at FVOCI				
Listed stocks	$ 2,453,616	$ -	$ -	$ 2,453,616
Non-listed stocks	-	-	4,815,301	4,815,301
	$ 2,453,616	$ -	$ 4,815,301	$ 7,268,917
Financial liabilities at FVTPL				
Derivatives	$ -	$ 239	$ -	$ 239

There were no transfers between Levels 1 and 2 for the years ended December 31, 2020 and 2019.

The reconciliations for financial assets measured at Level 3 were listed below:

2020

Financial Assets	Measured at Fair Value through Profit or Loss	Measured at Fair Value through Other Comprehensive Income	Total
Balance on January 1, 2020	$ 778,105	$ 4,815,301	$ 5,593,406
Reclassified from investments accounted for using equity method	-	1,853	1,853
Recognized in profit or loss under "Other gains and losses"	(100,903)	-	(100,903)
Recognized in other comprehensive income under "Unrealized gain or loss on financial assets at fair value through other comprehensive income"	-	(378,155)	(378,155)
Balance on December 31, 2020	$ 677,202	$ 4,438,999	$ 5,116,201
Unrealized loss in 2020	$ (100,903)		

2019

Financial Assets	Measured at Fair Value through Profit or Loss	Measured at Fair Value through Other Comprehensive Income	Total
Balance on January 1, 2019	$ 517,362	$ 4,032,660	$ 4,550,022
Acquisition	300,000	-	300,000
Recognized in profit or loss under "Other gains and losses"	(39,257)	-	(39,257)
Recognized in other comprehensive income under "Unrealized gain or loss on financial assets at fair value through other comprehensive income"	-	791,808	791,808
Proceed from return of investments	-	(9,167)	(9,167)
Balance on December 31, 2019	$ 778,105	$ 4,815,301	$ 5,593,406
Unrealized loss in 2019	$ (39,257)		

The fair values of financial assets and financial liabilities of Level 2 are determined as follows:

1) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market prices.

2) For derivatives, fair values are estimated using discounted cash flow model. Future cash flows are estimated based on observable inputs including forward exchange rates at the end of the reporting periods and the forward and spot exchange rates stated in the contracts, discounted at a rate that reflects the credit risk of various counterparties.

The fair values of non-listed domestic and foreign equity investments were Level 3 financial assets, and determined using the market approach by reference the Price-to-Book ratios (P/B ratios) of peer companies that traded in active market or using assets approach. The significant unobservable inputs used were listed in the table below. A decrease in discount for the lack of marketability or noncontrolling interests discount would result in increases in the fair values.

	December 31	
	2020	2019
Discount for lack of marketability	14.73%-20.00%	13.73%-20.00%
Noncontrolling interests discount	17.29%-25.00%	21.45%-25.00%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair values of equity investments would increase as below table. When related discounts increase, the fair value of equity investments would be the negative amount of the same amount.

	December 31	
	2020	2019
Discount for lack of marketability		
5% decrease	$ 319,758	$ 349,584
Noncontrolling interests discount		
5% decrease	$ 47,018	$ 53,646

Categories of Financial Instruments

	December 31	
	2020	2019
Financial assets		
Measured at FVTPL		
Mandatorily measured at FVTPL	$ 687,099	$ 778,621
Hedging financial assets	1,752	327
Financial assets at amortized cost (Note a)	62,405,714	71,851,933
Financial assets at FVOCI	7,193,174	7,268,917
Financial liabilities		
Measured at FVTPL		
Held for trading	143	239
Measured at amortized cost (Note b)	62,557,414	34,433,210

Note a: The balances included cash and cash equivalents, trade notes and accounts receivable, receivables from related parties, other current monetary assets and refundable deposits (classified as other noncurrent assets), which were financial assets measured at amortized cost.

Note b: The balances included short-term loans, short-term bills payable, trade notes and accounts payable, payables to related parties, partial other payables, customers' deposits, bonds payable and long-term loans which were financial liabilities carried at amortized cost.

Financial Risk Management Objectives

The main financial instruments of the Company include equity investments, trade notes and accounts receivable, trade notes and accounts payable, lease liabilities, loans, short-term bills payable and bonds payable. The Company's Finance Department provides services to its business units, co-ordinates access to domestic and international capital markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors. Those derivatives are used to hedge the risks of exchange rate fluctuation arising from operating or investment activities. Compliance with policies and risk exposure limits is reviewed by the Company's Finance Department on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Chunghwa reports the significant risk exposures and related action plans timely and actively to the audit committee and if needed to the Board of Directors.

a. Market risk

The Company is exposed to market risks of changes in foreign currency exchange rates and interest rates. The Company uses forward exchange contracts to hedge the exchange rate risk arising from assets and liabilities denominated in foreign currencies.

There were no changes to the Company's exposure to market risks or the manner in which these risks are managed and measured.

1) Foreign currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the balance sheet dates were as follows:

	December 31	
	2020	**2019**
Assets		
USD	$ 2,710,705	$ 5,781,593
EUR	14,957	11,792
SGD	169,747	224,501
JPY	22,289	17,092
RMB	29,742	8,854
HKD	69,321	325
Liabilities		
USD	767,553	4,120,881
EUR	957,257	206,447
SGD	1,049,225	1,262,926
JPY	9,683	14,206
RMB	201	310
HKD	7,665	14,511

The carrying amounts of the Company's derivatives with exchange rate risk exposures at the balance sheet dates were as follows:

	December 31	
	2020	**2019**
Assets		
USD	$ 121	$ 53
EUR	3,902	327
Liabilities		
USD	143	11
EUR	-	228

Foreign currency sensitivity analysis

The Company is mainly exposed to the fluctuations of the currencies USD, EUR, SGD, JPY, RMB and HKD as listed above.

The following table details the Company's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible changes in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and forward exchange contracts. A positive number below indicates an increase in pre-tax profit or equity where the functional currency weakens 5% against the relevant currency.

	Year Ended December 31	
	2020	**2019**
Profit or loss		
Monetary assets and liabilities (a)		
USD	$ 97,158	$ 83,036
EUR	(47,115)	(9,733)
SGD	(43,974)	(51,921)
JPY	630	144
RMB	1,477	427
HKD	3,083	(709)
Derivatives (b)		
USD	(19,224)	1,274
EUR	2,627	2,519
Equity		
Derivatives (c)		
EUR	10,210	4,195

a) This is mainly attributable to the exposure to foreign currency denominated receivables and payables of the Company outstanding at the balance sheet dates.

b) This is mainly attributable to forward exchange contracts.

c) This is mainly attributable to the changes in the fair value of derivatives that are designated as cash flow hedges.

For a 5% strengthening of the functional currency against the relevant currencies, there would be an equal and opposite effect on the pre-tax profit or equity for the amounts shown above.

2) Interest rate risk

The carrying amounts of the Company's exposures to interest rates on financial assets and financial liabilities at the balance sheet dates were as follows:

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	$ 24,217,959	$ 30,946,503
Financial liabilities	36,576,137	9,758,138
Cash flow interest rate risk		
Financial assets	9,306,397	7,681,032
Financial liabilities	1,667,000	1,690,000

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax income would increase/decrease by $19,098 thousand and $14,978 thousand for the years ended December 31, 2020 and 2019, respectively. This is mainly attributable to the Company's exposure to floating interest rates on its financial assets and short-term and long-term loans.

3) Other price risk

The Company is exposed to equity price risks arising from holding other company's equity. Equity investments are held for strategic rather than trading purposes. The management managed the risk through holding various risk portfolios. Further, the Company assigned finance and investment departments to monitor the price risk.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax profit and pre-tax other comprehensive income would have increased/decreased by $34,241 thousand and $359,659 thousand as a result of the changes in fair value of financial assets at FVTPL and financial assets at FVTOCI for the year ended December 31, 2020. If equity prices had been 5% higher/lower, pre-tax profit and pre-tax other comprehensive income would have increased/decreased by $38,928 thousand and $363,446 thousand as a result of the changes in fair value of financial assets at FVTPL and financial assets at FVOCI for the year ended December 31, 2019.

b. Credit risk

Credit risk refers to the risk that a counterparty would default on its contractual obligations resulting in financial loss to the Company. The maximum credit exposure of the aforementioned financial instruments is equal to their carrying amounts recognized in the consolidated balance sheet as of the balance sheet date.

The Company has large trade receivables outstanding with its customers. A substantial majority of the Company's outstanding trade receivables are not covered by collateral or credit insurance. The Company has implemented ongoing measures including enhancing credit assessments and strengthening overall risk management to reduce its credit risk. While the Company has procedures to monitor and limit exposure to credit risk on trade receivables, there can be no assurance such procedures will effectively limit its credit risk and avoid losses. This risk is heightened during periods when economic conditions worsen.

As the Company serves a large number of unrelated consumers, the concentration of credit risk was limited.

c. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalent position to support the operations and reduce the impact on fluctuation of cash flow.

1) Liquidity and interest risk tables

The following tables detailed the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company is required to pay.

December 31, 2020

	Weighted Average Effective Interest Rate (%)	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years	Total
Non-derivative financial liabilities							
Non-interest bearing	-	$ 37,748,572	$ -	$ 2,476,148	$ 4,826,679	$ -	$ 45,051,399
Floating interest rate instruments	0.78	-	7,000	1,660,000	-	-	1,667,000
Fixed interest rate instruments	0.50	7,000,000	-	-	8,800,000	11,200,000	27,000,000
		$ 44,748,572	$ 7,000	$ 4,136,148	$ 13,626,679	$ 11,200,000	$ 73,718,399

Information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
Lease liabilities	$ 3,396,908	$ 4,239,587	$ 1,691,426	$ 409,067	$ 9,736,988

December 31, 2019

	Weighted Average Effective Interest Rate (%)	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years	Total
Non-derivative financial liabilities							
Non-interest bearing	-	$ 36,387,024	$ -	$ 2,531,721	$ 4,747,644	$ -	$ 43,666,389
Floating interest rate instruments	0.98	50,000	10,000	30,000	1,600,000	-	1,690,000
		$ 36,437,024	$ 10,000	$ 2,561,721	$ 6,347,644	$ -	$ 45,356,389

Information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
Lease liabilities	$ 3,309,578	$ 4,394,009	$ 1,581,034	$ 645,520	$ 9,930,141

The following table detailed the Company's liquidity analysis for its derivative financial instruments. The table had been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
December 31, 2020					
Gross settled					
Forward exchange contracts					
Inflow	$ -	$ 634,676	$ -	$ -	$ 634,676
Outflow	-	630,796	-	-	630,796
	$ -	$ 3,880	$ -	$ -	$ 3,880
December 31, 2019					
Gross settled					
Forward exchange contracts					
Inflow	$ 25,566	$ 135,075	$ -	$ -	$ 160,641
Outflow	25,524	134,976	-	-	160,500
	$ 42	$ 99	$ -	$ -	$ 141

2) Financing facilities

	December 31	
	2020	2019
Facilities of unsecured bank loan and commercial paper payable		
Amount used	$ 7,067,800	$ 120,681
Amount unused	59,277,690	46,109,219
	$ 66,345,490	$ 46,229,900
Secured bank loan facility		
Amount used	$ 1,600,000	$ 1,600,000
Amount unused	20,000	1,340,000
	$ 1,620,000	$ 2,940,000

38. RELATED PARTIES TRANSACTIONS

The ROC Government, one of Chunghwa's customers, has significant equity interest in Chunghwa. Chunghwa provides fixed-line services, wireless services, internet and data and other services to the various departments and institutions of the ROC Government in the normal course of business and at arm's-length prices. Except for those disclosed in other notes or this note, the transactions with the ROC government bodies have not been disclosed because the transactions are not individually or collectively significant. However, the related revenues and operating costs have been appropriately recorded.

a. The Company engages in business transactions with the following related parties:

Company	Relationship
Taiwan International Standard Electronics Co., Ltd.	Associate
So-net Entertainment Taiwan Limited	Associate
KKBOX Taiwan Co., Ltd.	Associate
KingwayTek Technology Co., Ltd.	Associate
UUPON Inc.	Associate (Note 2)
Taiwan International Ports Logistics Corporation	Associate
International Integrated Systems, Inc.	Subsidiary (Note 1)
Senao Networks, Inc.	Associate
EnRack Tech. Co., Ltd.	Subsidiary of the Company's associate, Senao Networks, Inc.
Emplus Technologies, Inc.	Subsidiary of the Company's associate, Senao Networks, Inc.
ST-2 Satellite Ventures Pte., Ltd.	Associate
Viettel-CHT Co., Ltd.	Associate
Click Force Co., Ltd.	Associate
Alliance Digital Tech Co., Ltd.	Associate
Chunghwa PChome Fund I Co., Ltd.	Associate
Cornerstone Ventures Co., Ltd.	Associate
Next Commercial Bank Co., Ltd.	Associate
Chunghwa SEA Holdings	Joint venture
Other related parties	
Chunghwa Telecom Foundation	A nonprofit organization of which the funds donated by Chunghwa exceeds one third of its total funds
Senao Technical and Cultural Foundation	A nonprofit organization of which the funds donated by SENAO exceeds one third of its total funds
Sochamp Technology Co., Ltd.	Investor of significant influence over CHST
E-Life Mall Co., Ltd.	One of the directors of E-Life Mall and a director of SENAO are members of an immediate family
Engenius Technologies Co., Ltd.	Chairman of Engenius Technologies Co., Ltd. is a member of SENAO's management
Cheng Keng Investment Co., Ltd.	Chairman of Cheng Keng Investment Co., Ltd. and SENAO's chief executive officer are members of an immediate family
Cheng Feng Investment Co., Ltd.	Chairman of Cheng Feng Investment Co., Ltd. and SENAO's chief executive officer are members of an immediate family
All Oriented Investment Co., Ltd.	Chairman of All Oriented Investment Co., Ltd. and SENAO's chief executive officer are members of an immediate family
Hwa Shun Investment Co., Ltd.	Chairman of Hwa Shun Investment Co., Ltd. and SENAO's chief executive officer are members of an immediate family
Yu Yu Investment Co., Ltd.	Chairman of Yu Yu Investment Co., Ltd. and SENAO's chief executive officer are members of an immediate family
United Daily News Co., Ltd.	Investor of significant influence over SFD
Shenzhen Century Communication Co., Ltd.	Investor of significant influence over SCT
Chunghwa Post Co., Ltd.	Government-related entity as Chunghwa Telecom

Note 1: IISI was an associate and has become a subsidiary starting from July 1, 2020. Please refer to Note 13 (c). All transactions between the Company were eliminated upon consolidation since the acquisition date.

Note 2: UUPON was previously an associate. As the Company did not participate in the capital increase of UUPON in October 2020; therefore, the Company lost its significant influence over UUPON. Since then, UUPON was no longer a related party of the Company. Please refer to Note 14.

b. Balances and transactions between Chunghwa and its subsidiaries, which are related parties of Chunghwa, have been eliminated on consolidation and are not disclosed in this note. Terms of the foregoing transactions with related parties were not significantly different from transactions with non-related parties. When no similar transactions with non-related parties can be referenced, terms were determined in accordance with mutual agreements. Details of transactions between the Company and other related parties are disclosed below:

1) Operating transactions

	Revenues	
	Year Ended December 31	
	2020	2019
Associates	$ 1,507,867	$ 273,892
Others	66,612	76,559
	$ 1,574,479	$ 350,451

	Operating Costs and Expenses	
	Year Ended December 31	
	2020	2019
Associates	$ 715,405	$ 963,627
Others	67,612	76,153
	$ 783,017	$ 1,039,780

2) Non-operating transactions

	Non-operating Income and Expenses	
	Year Ended December 31	
	2020	2019
Associates	$ 36,716	$ 41,373
Others	3,590	3,470
	$ 40,306	$ 44,843

3) Receivables

	December 31	
	2020	2019
Associates	$ 228,879	$ 10,356
Others	1,817	6,478
	$ 230,696	$ 16,834

4) Contract liabilities-current

	December 31	
	2020	2019
Associates	$ 182,857	$ -

5) Payables

	December 31	
	2020	2019
Associates	$ 642,489	$ 650,617
Others	3,455	3,366
	$ 645,944	$ 653,983

6) Customers' deposits

	December 31	
	2020	2019
Associates	$ 4,626	$ 7,595

7) Acquisition of property, plant and equipment

	Year Ended December 31	
	2020	2019
Associates	$ 375,469	$ 241,626
Others	-	182
	$ 375,469	$ 241,808

8) Disposal of property, plant and equipment and investment properties to Chunghwa Post Co., Ltd.

	Proceeds		Gain on Disposal	
	Year Ended December 31		Year Ended December 31	
	2020	2019	2020	2019
Others	$ 385,760	$ -	$ 310,205	$ -

9) Lease-in agreements

Chunghwa entered into a contract with ST-2 Satellite Ventures Pte., Ltd. on March 12, 2010 to lease capacity on the ST-2 satellite. This lease term is for 15 years which should start from the official operation of ST-2 satellite and the total contract value is approximately $6,000,000 thousand (SGD 260,723 thousand), including a prepayment of $3,067,711 thousand at the inception of the lease, and the rest of amount should be paid annually when ST-2 satellite starts its official operation. ST-2 satellite was launched in May 2011 and began its official operation in August 2011.

The lease liabilities of ST-2 Satellite Ventures Pte., Ltd. as of balance sheet dates were as follows:

	December 31	
	2020	2019
Lease liabilities - current	$ 182,187	$ 188,271
Lease liabilities - noncurrent	816,610	1,023,889
	$ 998,797	$ 1,212,160

The interest expense recognized for the aforementioned lease liabilities for the years ended December 31, 2020 and 2019 was $8,895 thousand and $10,887 thousand, respectively.

c. Compensation of key management personnel

The compensation of directors and key management personnel was as follows:

	Year Ended December 31	
	2020	2019
Short-term employee benefits	$ 290,106	$ 263,383
Post-employment benefits	10,392	8,560
Share-based payment	333	355
	$ 300,831	$ 272,298

The compensation of directors and key management personnel was mainly determined by the compensation committee having regard to the performances and market trends.

39. PLEDGED ASSETS

The following assets are pledged as collaterals for bank loans, custom duties of the imported materials and warranties of contract performance.

	December 31	
	2020	2019
Property, plant and equipment	$ 2,461,810	$ 2,491,324
Land held under development (included in inventories)	1,998,733	1,998,733
Restricted assets (included in other assets - others)	209,638	2,500
	$ 4,670,181	$ 4,492,557

40. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Except for those disclosed in other notes, the Company's significant commitments and contingent liabilities as of December 31, 2020 were as follows:

a. Acquisitions of land and buildings of $119,346 thousand.

b. Acquisitions of telecommunications-related inventory and equipment of $26,815,461 thousand.

c. Unused letters of credit amounting to $10,000 thousand.

d. A commitment to contribute $2,000,000 thousand to a Piping Fund administered by the Taipei City Government, of which $1,000,000 thousand was contributed by Chunghwa on August 15, 1996 (classified as other monetary assets - noncurrent). If the fund is not sufficient, Chunghwa will contribute the remaining $1,000,000 thousand upon notification from the Taipei City Government.

e. Chunghwa committed that when its ownership interest in NCB is greater than 25% and NCB encounters financial difficulty or the capital adequacy ratio of NCB cannot meet the related regulation requirements, Chunghwa will provide financial support to assist NCB in maintaining a healthy financial condition.

41. OTHER MATTERS

The Company has assessed the economic impact of COVID-19 and determined that there were no significant impacts on the Company's financial statements as of the date the consolidated financial statements were authorized for issue. The Company will continue to monitor developments of the pandemic and assess the related impacts.

42. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information summarizes the disclosure of foreign currencies other than the functional currency of Chunghwa and its subsidiaries. The following exchange rates are the exchange rates used to translate to the presentation currency of the consolidated financial statements, which is the NTD:

	December 31, 2020		
	Foreign Currencies (Thousands)	Exchange Rate	New Taiwan Dollars (Thousands)
Assets denominated in foreign currencies			
Monetary items			
USD	$ 95,179	28.48	$ 2,710,705
EUR	427	35.02	14,957
SGD	7,873	21.56	169,747
JPY	80,671	0.276	22,289
RMB	6,795	4.377	29,742
HKD	18,873	3.673	69,321
Non-monetary items			
Investments accounted for using equity method			
SGD	22,646	21.56	488,257
VND	327,497,036	0.0011	363,522

(Continued)

	December 31, 2020		
	Foreign Currencies (Thousands)	Exchange Rate	New Taiwan Dollars (Thousands)
Liabilities denominated in foreign currencies			
Monetary items			
USD	$ 26,951	28.48	$ 767,553
EUR	27,335	35.02	957,257
SGD	48,665	21.56	1,049,225
JPY	35,044	0.276	9,683
RMB	46	4.377	201
HKD	2,087	3.673	7,665
			(Concluded)

	December 31, 2019		
	Foreign Currencies (Thousands)	Exchange Rate	New Taiwan Dollars (Thousands)
Assets denominated in foreign currencies			
Monetary items			
USD	$ 192,849	29.98	$ 5,781,593
EUR	351	33.59	11,792
SGD	10,076	22.28	224,501
JPY	61,929	0.276	17,092
RMB	2,057	4.305	8,854
HKD	84	3.849	325
Non-monetary items			
Investments accounted for using equity method			
SGD	22,483	22.28	500,930
VND	270,542,735	0.0012	316,535
Liabilities denominated in foreign currencies			
Monetary items			
USD	137,454	29.98	4,120,881
EUR	6,146	33.59	206,447
SGD	56,685	22.28	1,262,926
JPY	51,472	0.276	14,206
RMB	72	4.305	310
HKD	3,770	3.849	14,511

The unrealized foreign currency exchange losses were $17,036 thousand and $9,938 thousand for the years ended December 31, 2020 and 2019, respectively. Due to the various foreign currency transactions and the functional currency of each individual entity of the Company, foreign exchange gains and losses cannot be disclosed by the respective significant foreign currency.

43. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the FSC for the Company:

a. Financing provided: None.

b. Endorsement/guarantee provided: Please see Table 1.

c. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please see Table 2.

d. Marketable securities acquired or disposed of at costs or prices at least $300 million or 20% of the paid-in capital: Please see Table 3.

e. Acquisition of individual real estate at costs of at least $300 million or 20% of the paid-in capital: Please see Table 4.

f. Disposal of individual real estate at prices of at least $300 million or 20% of the paid-in capital: Please see Table 5.

g. Total purchases from or sales to related parties amounting to at least $100 million or 20% of the paid-in capital: Please see Table 6.

h. Receivables from related parties amounting to $100 million or 20% of the paid-in capital: Please see Table 7.

i. Names, locations, and other information of investees on which the Company exercises significant influence (excluding investments in Mainland China): Please see Table 8.

j. Derivative instruments transactions: Please see Notes 7, 20 and 37.

k. Investments in Mainland China: Please see Table 9.

l. Intercompany relationships and significant intercompany transactions: Please see Table 10.

m. Information of main stakeholders: Please see Table 11.

44. SEGMENT INFORMATION

The Company has the following reportable segments that provide different products or services. The reportable segments are managed separately because each segment represents a strategic business unit that serves different markets. Segment information is provided to the CEO who allocates resources and assesses segment performance. The Company's measure of segment performance is mainly based on revenues and income before income tax. The Company's reportable segments are as follows:

a. Domestic fixed communications business - the provision of local telephone services, domestic long distance telephone services, broadband access, and related services;

b. Mobile communications business - the provision of mobile services, sales of mobile handsets and data cards, and related services;

c. Internet business - the provision of HiNet services and related services;

d. International fixed communications business - the provision of international long distance telephone services and related services;

e. Others - the provision of non-telecom services and the corporate related items not allocated to reportable segments.

Some operating segments have been aggregated into a single operating segment taking into account the following factors: (a) similar economic characteristics such as long-term gross profit margins; (b) the nature of the telecommunications products and services are similar; (c) the nature of production processes of the telecommunications products and services are similar; (d) the type or class of customer for the telecommunications products and services are similar; and (e) the methods used to provide the services to the customers are similar.

The accounting policies of the operating segments are the same as those described in Note 3.

Segment Revenues and Operating Results

Analysis by reportable segment of revenues and operating results of continuing operations are as follows:

	Domestic Fixed Communi-cations Business	Mobile Communi-cations Business	Internet Business	International Fixed Communi-cations Business	Others	Total
Year ended December 31, 2020						
Revenues						
From external customers	$ 69,469,212	$ 90,229,818	$ 32,115,110	$ 8,695,238	$ 7,099,620	$ 207,608,998
Intersegment revenues	15,929,871	1,536,283	3,966,461	1,875,372	5,369,325	28,677,312
Segment revenues	$ 85,399,083	$ 91,766,101	$ 36,081,571	$ 10,570,610	$ 12,468,945	236,286,310
Intersegment elimination						(28,677,312)
Consolidated revenues						$ 207,608,998
Segments operating costs and expenses	$ 59,371,277	$ 69,211,073	$ 15,240,814	$ 8,572,822	$ 14,446,532	$ 166,842,518
Segment income (loss) before income tax	$ 22,504,443	$ 8,777,385	$ 13,119,611	$ 829,271	$ (2,399,739)	$ 42,830,971
Year ended December 31, 2019						
Revenues						
From external customers	$ 65,727,627	$ 95,469,002	$ 30,090,758	$ 11,485,197	$ 4,747,477	$ 207,520,061
Intersegment revenues	16,065,223	1,563,685	3,950,832	2,078,889	4,914,694	28,573,323
Segment revenues	$ 81,792,850	$ 97,032,687	$ 34,041,590	$ 13,564,086	$ 9,662,171	236,093,384
Intersegment elimination						(28,573,323)
Consolidated revenues						$ 207,520,061
Segments operating costs and expenses	$ 56,268,655	$ 72,952,530	$ 13,849,557	$ 11,427,554	$ 12,248,607	$ 166,746,903
Segment income (loss) before income tax	$ 19,536,966	$ 11,249,716	$ 12,514,656	$ 799,078	$ (2,350,624)	$ 41,749,792

Other Segment Information

Other information reviewed by the chief operating decision maker or regularly provided to the chief operating decision maker was as follows:

	Domestic Fixed Communi-cations Business	Mobile Communi-cations Business	Internet Business	International Fixed Communi-cations Business	Others	Total
Year ended December 31, 2020						
Share of profits of associates and joint ventures accounted for using equity method	$ -	$ -	$ -	$ -	$ 242,745	$ 242,745
Interest income	$ 13,151	$ 5,328	$ 16,930	$ 21,785	$ 58,728	$ 115,922
Interest expenses	$ 6,060	$ 55,761	$ 856	$ 9,535	$ 133,851	$ 206,063
Depreciation and amortization	$ 14,249,950	$ 17,799,875	$ 2,668,740	$ 1,450,423	$ 969,584	$ 37,138,572
Capital expenditure	$ 11,482,779	$ 8,827,322	$ 1,397,399	$ 779,160	$ 1,024,160	$ 23,510,820
Gain (loss) on disposal of property, plant and equipment	$ 1,442,401	$ (3,527)	$ 140	$ (30)	$ (11,000)	$ 1,427,984

(Continued)

	Domestic Fixed Communi-cations Business	Mobile Communi-cations Business	Internet Business	International Fixed Communi-cations Business	Others	Total
Gain on disposal of investment properties	$ 151,357	$ -	$ -	$ -	$ -	$ 151,357
Reversal of impairment loss on investment properties	$ 27,066	$ -	$ -	$ -	$ -	$ 27,066
Impairment loss on intangible assets	$ -	$ 9,303	$ -	$ -	$ -	$ 9,303
Year ended December 31, 2019						
Share of profits of associates and joint ventures accounted for using equity method	$ -	$ -	$ -	$ -	$ 462,140	$ 462,140
Interest income	$ 15,156	$ 8,688	$ 20,160	$ 40,937	$ 165,846	$ 250,787
Interest expenses	$ 5,076	$ 58,081	$ 696	$ 11,501	$ 28,788	$ 104,142
Depreciation and amortization	$ 14,841,890	$ 16,253,558	$ 2,914,375	$ 1,547,334	$ 791,928	$ 36,349,085
Capital expenditure	$ 12,070,922	$ 7,773,266	$ 1,424,601	$ 1,116,541	$ 1,780,527	$ 24,165,857
Impairment loss on property, plant and equipment	$ -	$ -	$ -	$ -	$ 93,073	$ 93,073
Reversal of impairment loss on investment properties	$ 56,617	$ -	$ -	$ -	$ -	$ 56,617
Impairment loss on intangible assets	$ -	$ 8,946	$ -	$ -	$ -	$ 8,946
Impairment loss on other assets	$ 13,191	$ -	$ 13,191	$ -	$ 17,589	$ 43,971

(Concluded)

Main Products and Service Revenues

	Year Ended December 31	
	2020	2019
Mobile services revenue	$ 56,724,433	$ 58,703,003
Sales of products	39,390,716	41,593,124
Local telephone and domestic long distance telephone services revenue	26,474,747	27,929,263
Broadband access and domestic leased line services revenue	22,420,164	22,115,908
Data communications internet services revenue	21,446,960	21,002,699
International network and leased line services revenue	3,884,182	7,066,361
Others	37,267,796	29,109,703
	$ 207,608,998	$ 207,520,061

Geographic Information

The users of the Company's services are mainly from Taiwan, ROC. The revenues it derived outside Taiwan are mainly revenues from international long distance telephone and leased line services. The geographic information for revenues was as follows:

	Year Ended December 31	
	2020	2019
Taiwan, ROC	$ 200,881,289	$ 197,895,254
Overseas	6,727,709	9,624,807
	$ 207,608,998	$ 207,520,061

The Company has long-lived assets in U.S., Singapore, Hong Kong, China, Vietnam, Japan and Thailand for $3,745,552 thousand and $4,063,468 thousand at December 31, 2020 and 2019, respectively, in the aforementioned areas, the other long-lived assets are located in Taiwan, ROC.

Major Customers

As of December 31, 2020, and 2019, the Company did not have any single customer whose revenue exceeded 10% of the total revenues.

TABLE 1

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Nature of Relationship (Note 2)											
1	Senao International Co., Ltd.	Aval Technologies Co., Ltd.	b	$ 591,338	$ 300,000	$ 300,000	$ 300,000	$ -	5.07	$ 2,956,690	Yes	No	No	Notes 3 and 4
		Wiin Technology Co., Ltd.	b	591,338	100,000	100,000	100,000	-	1.69	2,956,690	Yes	No	No	Notes 3 and 4

Note 1: Significant transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

a. "0" for the Company.
b. Subsidiaries are numbered from "1".

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:

a. A company with which it does business.
b. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
c. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
d. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
e. The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
f. All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
g. Companies in the same industry provide among themselves jointly and severally guarantee for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The limits on endorsement or guarantee amount provided to each guaranteed party is up to 10% of the net assets value of the latest financial statements of Senao International Co., Ltd.

Note 4: The total amount of endorsement or guarantee that the Company is allowed to provide is up to 50% of the net assets value of the latest financial statements of Senao International Co., Ltd.

TABLE 2

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2020				Note
				Shares (Thousands/ Thousand Units)	Carrying Value (Note 1)	Percentage of Ownership	Fair Value	
Chunghwa Telecom Co., Ltd.	Stocks							
	Taipei Financial Center Corp.	-	Financial assets at FVOCI	172,927	$ 4,163,227	12	$ 4,163,227	-
	Innovation Works Development Fund, L.P.	-	Financial assets at FVTPL - noncurrent	-	236,107	4	236,107	-
	Industrial Bank of Taiwan II Venture Capital Co., Ltd. (IBT II)	-	Financial assets at FVOCI	5,252	17,084	17	17,084	-
	Global Mobile Corp.	-	Financial assets at FVOCI	7,617	-	3	-	-
	Innovation Works Limited	-	Financial assets at FVOCI	1,000	3,698	2	3,698	-
	RPTI Intergroup International Ltd.	-	Financial assets at FVOCI	4,765	-	10	-	-
	Taiwan mobile payment Co., Ltd.	-	Financial assets at FVOCI	1,200	4,324	2	4,324	-
	Taiwania Capital Buffalo Fund Co., Ltd.	-	Financial assets at FVTPL - noncurrent	600,000	441,095	13	441,095	-
	China Airlines, Ltd.	-	Financial assets at FVOCI	216,639	2,610,501	4	2,610,501	Note 2
	4 Gamers Entertainment Inc.	-	Financial assets at FVOCI	136	103,556	19.9	103,556	-
	UUPON Inc.	-	Financial assets at FVOCI	246	1,289	4	1,289	-
Senao International Co., Ltd.	Stocks							
	N.T.U. Innovation Incubation Corporation	-	Financial assets at FVOCI	1,200	9,444	9	9,444	-
	UUPON Inc.	-	Financial assets at FVOCI	109	573	2	573	-
CHIEF Telecom Inc.	Stocks							
	3 Link Information Service Co., Ltd.	-	Financial assets at FVOCI	374	1,220	10	1,220	-
	WPG Holdings Limited	-	Financial assets at FVTPL - current	9	448	-	448	Note 2
	WPG Holdings Limited	-	Financial assets at FVOCI	1,736	86,974	-	86,974	Note 2
	Taichung Commercial Bank Co., Ltd.	-	Financial assets at FVTPL - current	662	7,178	-	7,178	Note 2
Chunghwa Investment Co., Ltd.	Stocks							
	Tatung Technology Inc.	-	Financial assets at FVOCI	4,571	127,431	11	127,431	-
	iSing99 Inc.	-	Financial assets at FVOCI	10,000	-	7	-	-
	Powtec ElectroChemical Corporation	-	Financial assets at FVOCI	20,000	-	2	-	-
	Bossdom Digiinnovation Co., Ltd.	-	Financial assets at FVOCI	2,000	56,700	7	56,700	Note 2
Chunghwa Hsingta Co., Ltd.	Stocks							
	Cotech Engineering Fuzhou Corp.	-	Financial assets at FVOCI	-	7,153	5	7,153	-

Note 1: Showed at carrying amounts with fair value adjustments.

Note 2: Fair value was based on the closing price on December 31, 2020.

TABLE 3

CHUNGHWA TELECOM CO., LTD.

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares (Thousands/ Thousand Units)	Amount	Shares (Thousands/ Thousand Units)	Amount	Shares (Thousands/ Thousand Units)	Amount	Carrying Value	Gain on Disposal	Shares (Thousands/ Thousand Units)	Amount
Chunghwa Telecom Co., Ltd.	Stocks China Airlines, Ltd.	Financial assets at FVOCI	-	-	263,622	$ 3,092,287 (Note)	-	$ -	46,983	$ 567,797	$ 551,111 (Note)	$ 16,686	216,639	$ 2,541,176 (Note)

Note: Showing at their original investment amounts without adjustments for fair values.

TABLE 4

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty is a Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Chunghwa Telecom Co., Ltd.	Land that specific office building is located on	2020.05.06	$ 3,243,689	$1,056,680 to be paid	MOTC	Major Shareholder	None	None	None	None	Assessed value from National Property Administration	Operating purpose	-
	Buildings	2020.10.06	1,305,067	Not applicable (Note)	Kindom Development Co., Ltd.	-	Not applicable	Not applicable	Not applicable	Not applicable	Assessed value from real estate appraisal report	Leasing purpose	-
Chunghwa Precision Test Tech. Co., Ltd.	Electrical and mechanical engineering and fit-out constructions for buildings	2020.07.03-2020.10.05	173,120	Monthly settlement based on the construction progress and acceptance	Fu Tsu Construction Co., Ltd.	-	Not applicable	Not applicable	Not applicable	Not applicable	Bidding, price comparison and price negotiation	Manufacturing purpose	-

Note: This is the urban renewal project for the asset exchange transaction for trade-in buildings. Please refer to Note 15 for details.

TABLE 5

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Chunghwa Telecom Co., Ltd.	Land	2020.08.05	2017.12.20, 2004.07.07 and 2004.12.16	$ 75,555	$ 385,760	Collected	$ 310,205	Chunghwa Post Co., Ltd.	Others	Asset activation	Real estate appraisal report	-
	Land	2020.10.06	2000.07.24	37,087	1,305,067	Not applicable (Note)	1,267,980	Kindom Development Co., Ltd.	-	Participation in government-led urban renewal project	Real estate appraisal report	-

Note: This is the urban renewal project for the asset exchange transaction for trade-in buildings. Please refer to Note15 for details.

TABLE 6

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes / Accounts Payable or Receivable	
			Purchases/Sales (Note 1)	Amount (Notes 2 and 5)	% to Total	Payment Terms	Units Price	Payment Terms	Ending Balance (Notes 3 and 5)	% to Total
Chunghwa Telecom Co., Ltd.	Senao International Co., Ltd.	Subsidiary	Sales	$ 3,164,854	2	30 days	$ -	-	$ 642,604	3
			Purchase	676,125	1	30-90 days	-	-	(753,706)	(5)
	Aval Technologies Co., Ltd.	Subsidiary	Purchase	224,122	-	30 days	-	-	(37,085)	-
	Senyoung Insurance Agent Co., Ltd.	Subsidiary	Sales	107,879	-	90 days	-	-	45,799	-
	CHIEF Telecom Inc.	Subsidiary	Sales	406,642	-	30 days	-	-	59,926	-
			Purchase	122,025	-	60 days	-	-	(22,164)	-
	Chunghwa System Integration Co., Ltd.	Subsidiary	Purchase	1,293,906	1	30 days	-	-	(345,168)	(2)
	CHYP Multimedia Marketing & Communications Co., Ltd.	Subsidiary	Purchase	110,915	-	30 days	-	-	(36,588)	-
	Honghwa International Co., Ltd.	Subsidiary	Sales	268,779	-	30-60 days	-	-	49,555	-
		Subsidiary	Purchase	5,536,303	5	30-60 days	-	-	(682,373)	(4)
	Donghwa Telecom Co., Ltd.	Subsidiary	Sales	178,470	-	30 days	-	-	31,020	-
		Subsidiary	Purchase	451,365	-	90 days	-	-	(144,874)	(1)
	Chunghwa Telecom Global, Inc.	Subsidiary	Purchase	313,914	-	90 days	-	-	(35,056)	-
	Chunghwa Telecom Singapore Pte., Ltd.	Subsidiary	Purchase	157,772	-	30 days	-	-	(66,693)	-
	CHT Security Co., Ltd.	Subsidiary	Purchase	338,666	-	30 days	-	-	(109,857)	(1)
	International Integrated Systems, Inc.	Subsidiary	Purchase	400,195	-	30 days	-	-	(235,565)	(2)
	Taiwan International Standard Electronics Co., Ltd.	Associate	Purchase	591,195	1	30-90 days	-	-	(488,244)	(3)
	Next Commercial Bank Co., Ltd.	Associate	Sales	1,245,178	1	30-60 days	-	-	192,000	1
Senao International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	5,839,843	22	30-90 days	-	-	753,496	44
			Purchase	2,998,442	13	30 days	-	-	(598,985)	(31)
	Aval Technologies Co., Ltd.	Subsidiary	Sales	312,968	1	60 days	-	-	136,785	8
			Purchase	286,553	1	30 days	-	-	(9,660)	(1)
	Senyoung Insurance Agent Co., Ltd.	Subsidiary	Sales	124,628	-	30 days	-	-	45,070	3
CHIEF Telecom Inc.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	254,402	10	60 days	-	-	33,122	15
			Purchase	406,101	29	30 days	-	-	(59,926)	(51)
Chunghwa System Integration Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	1,597,664	76	30 days	-	-	342,578	67
CHYP Multimedia Marketing & Communications Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	110,915	27	30 days	-	-	34,238	44
Honghwa International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	5,641,817	97	30-60 days	-	-	681,107	94
Donghwa Telecom Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	451,365	40	90 days	-	-	144,874	39
			Purchase	178,470	16	30 days	-	-	(31,020)	(19)
Chunghwa Telecom Global, Inc.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	313,914	53	90 days	-	-	35,056	67
Chunghwa Telecom Singapore Pte., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	157,772	12	30 days	-	-	66,693	19
CHT Security Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	362,082	38	30 days	-	-	109,813	33
International Integrated System, Inc.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	400,195	15	30 days	-	-	235,565	47
Aval Technologies Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	224,122	1	30 days	-	-	37,085	2
	Youth Co., Ltd.	Fellow subsidiary	Sales	131,466	-	30 days	-	-	19,955	1

Note 1: Purchases include costs to acquire services.

Note 2: The differences were because Chunghwa Telecom Co., Ltd. and subsidiaries classified the amount as incremental costs of obtaining contracts, property, plant and equipment, intangible assets, and operating expenses.

Note 3: Notes and accounts receivable did not include the amounts collected for others and other receivables.

Note 4: Transaction terms with related parties were determined in accordance with mutual agreements when there were no similar transactions with third parties. Other transactions with related parties were not significantly different from those with third parties.

Note 5: All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

TABLE 7

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate (Note 1)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amounts	Action Taken		
Chunghwa Telecom Co., Ltd.	Senao International Co., Ltd.	Subsidiary	$ 816,927 (Note 2)	11.18	$ -	-	$ 800,156	$ -
	Next Commercial Bank Co., Ltd.	Associate	192,000	6.25	-	-	-	-
Senao International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	891,312 (Note 2)	7.53	-	-	103,851	-
	Aval Technologies Co., Ltd.	Subsidiary	136,808 (Note 2)	3.52	-	-	77,628	-
Chunghwa System Integration Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	342,578 (Note 2)	3.19	-	-	208,487	-
Honghwa International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	681,107 (Note 2)	7.68	-	-	202,685	-
CHT Security Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	109,813 (Note 2)	1.08	-	-	103,935	-
International Integrated Systems, Inc.	Chunghwa Telecom Co., Ltd.	Parent company	216,269 (Note 2)	3.30	-	-	216,269	-
Donghwa Telecom Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	144,874 (Note 2)	3.03	-	-	107,027	-

Note 1: Payments and receipts collected in trust for others are excluded from the accounts receivable in calculating the turnover rate.

Note 2: The amount was eliminated upon consolidation.

TABLE 8

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTEES IN MAINLAND CHINA)
YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1, 2 and 3)	Note
				December 31, 2020	December 31, 2019	Shares (Thousands)	Percentage of Ownership (%)	Carrying Value (Note 3)			
Chunghwa Telecom Co., Ltd.	Senao International Co., Ltd.	Taiwan	Handset and peripherals retailer; sales of CHT mobile phone plans as an agent	$ 1,065,813	$ 1,065,813	71,773	28	$ 1,630,230	$ 436,717	$ 117,500	Subsidiary (Note 5)
	Light Era Development Co., Ltd.	Taiwan	Planning and development of real estate and intelligent buildings, and property management	3,000,000	3,000,000	300,000	100	3,853,234	15,160	9,673	Subsidiary (Note 5)
	Donghwa Telecom Co., Ltd.	Hong Kong	International private leased circuit, IP VPN service, and IP transit services	1,567,453	1,567,453	402,590	100	1,486,252	7,379	7,379	Subsidiary (Note 5)
	Chunghwa Telecom Singapore Pte., Ltd.	Singapore	International private leased circuit, IP VPN service, and IP transit services	574,112	574,112	26,383	100	1,013,529	116,771	116,791	Subsidiary (Note 5)
	Chunghwa System Integration Co., Ltd.	Taiwan	Providing system integration services and telecommunications equipment	838,506	838,506	60,000	100	725,213	12,840	13,254	Subsidiary (Note 5)
	CHIEF Telecom Inc.	Taiwan	Network integration, internet data center ("IDC"), communications integration and cloud application services	459,652	459,652	39,426	56	1,785,968	607,779	348,533	Subsidiary (Note 5)
	Chunghwa Investment Co., Ltd.	Taiwan	Investment	639,559	639,559	68,085	89	3,017,569	317,590	282,776	Subsidiary (Note 5)
	Prime Asia Investments Group Ltd. (B.V.I.)	British Virgin Islands	Investment	385,274	385,274	1	100	163,121	(19,434)	(19,434)	Subsidiary (Note 5)
	Honghwa International Co., Ltd.	Taiwan	Telecommunication engineering, sales agent of mobile phone plan application and other business services, etc.	180,000	180,000	18,000	100	491,985	229,464	213,346	Subsidiary (Note 5)
	CHYP Multimedia Marketing & Communications Co., Ltd.	Taiwan	Digital information supply services and advertisement services	150,000	150,000	15,000	100	194,399	17,358	17,064	Subsidiary (Note 5)
	Chunghwa Telecom Vietnam Co., Ltd.	Vietnam	Intelligent energy saving solutions, international circuit, and information and communication technology ("ICT") services	148,275	148,275	-	100	90,887	(2,380)	(2,380)	Subsidiary (Note 5)
	Chunghwa Telecom Global, Inc.	United States	International private leased circuit, internet services, and transit services	70,429	70,429	6,000	100	402,623	73,147	75,078	Subsidiary (Note 5)
	CHT Security Co., Ltd.	Taiwan	Computing equipment installation, wholesale of computing and business machinery equipment and software, management consulting services, data processing services, digital information supply services and internet identify services	240,000	240,000	24,000	80	329,943	124,159	93,983	Subsidiary (Note 5)
	Chunghwa Telecom (Thailand) Co., Ltd.	Thailand	International private leased circuit, IP VPN service, ICT and cloud VAS services	119,624	119,624	1,300	100	110,163	2,050	2,050	Subsidiary (Note 5)
	Spring House Entertainment Tech. Inc.	Taiwan	Software design services, internet contents production and play, and motion picture production and distribution	41,941	41,941	8,251	56	126,947	44,962	25,197	Subsidiary (Note 5)
	Chunghwa leading Photonics Tech Co., Ltd.	Taiwan	Production and sale of electronic components and finished products	70,500	70,500	7,050	75	123,967	10,264	12,287	Subsidiary (Note 5)
	Smartfun Digital Co., Ltd.	Taiwan	Providing diversified family education digital services	65,000	65,000	6,500	65	74,055	9,804	6,369	Subsidiary (Note 5)
	Chunghwa Telecom Japan Co., Ltd.	Japan	International private leased circuit, IP VPN service, and IP transit services	17,291	17,291	1	100	90,099	13,478	13,478	Subsidiary (Note 5)
	Chunghwa Sochamp Technology Inc.	Taiwan	Design, development and production of Automatic License Plate Recognition software and hardware	20,400	20,400	2,040	51	(5,039)	(2,015)	5,047	Subsidiary (Note 5)
	International Integrated Systems, Inc.	Taiwan	IT solution provider, IT application consultation, system integration and package solution	517,423	283,500	37,211	51	593,049	169,948	49,633	Subsidiary (Note 6)

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1, 2 and 3)	Note
				December 31, 2020	December 31, 2019	Shares (Thousands)	Percentage of Ownership (%)	Carrying Value (Note 3)			
	Viettel-CHT Co., Ltd.	Vietnam	IDC services	$ 288,327	$ 288,327	-	30	$ 363,522	$ 307,323	$ 92,228	Associate
	Taiwan International Standard Electronics Co., Ltd.	Taiwan	Manufacturing, selling, designing, and maintaining of telecommunications systems and equipment	164,000	164,000	1,760	40	330,031	294,205	150,477	Associate
	KKBOX Taiwan Co., Ltd.	Taiwan	Providing of music on-line, software, electronic information, and advertisement services	67,025	67,025	4,438	30	163,809	46,987	14,038	Associate
	So-net Entertainment Taiwan Limited	Taiwan	Online service and sale of computer hardware	120,008	120,008	9,429	30	226,647	124,759	37,428	Associate
	KingwayTek Technology Co., Ltd.	Taiwan	Publishing books, data processing and software services	66,684	66,684	8,688	23	249,044	5,484	2,156	Associate
	Taiwan International Ports Logistics Corporation	Taiwan	Import and export storage, logistic warehouse, and ocean shipping service	80,000	80,000	8,000	27	55,925	18,514	4,946	Associate
	UUPON Inc.	Taiwan	Information technology service and general advertisement service	97,598	97,598	246	4	-	(40,580)	(6,103)	Associate (Note 7)
	Alliance Digital Tech Co., Ltd.	Taiwan	Development of mobile payments and information processing service	60,000	60,000	6,000	14	5,080	-	-	Associate
	Chunghwa PChome Fund I Co., Ltd.	Taiwan	Investment, venture capital, investment advisor, management consultant and other consultancy service	200,000	200,000	20,000	50	192,856	(2,450)	(1,225)	Associate
	Cornerstone Ventures Co., Ltd.	Taiwan	Investment, venture capital, investment advisor, management consultant and other consultancy service	4,900	4,900	490	49	6,058	1,125	551	Associate
	Next Commercial Bank Co., Ltd.	Taiwan	Online banking business	4,190,000	4,190,000	419,000	42	3,776,876	(605,419)	(297,292)	Associate
	Chunghwa SEA Holdings	Taiwan	Investment business	10,200	-	1,020	51	10,200	-	-	Joint venture
Senao International Co., Ltd.	Senao Networks, Inc.	Taiwan	Telecommunication facilities manufactures and sales	202,758	202,758	16,579	34	991,610	376,365	127,184	Associate
	Senao International (Samoa) Holding Ltd.	Samoa Islands	International investment	2,253,828	2,333,620	74,975	100	232,099	(24,526)	(24,526)	Subsidiary (Note 5)
	UUPON Inc.	Taiwan	Information technology service and general advertisement service	24,000	24,000	109	2	-	(40,580)	(2,715)	Associate (Note 7)
	Youth Co., Ltd.	Taiwan	Sale of information and communication technologies products	427,850	364,950	14,752	96	231,976	1,404	(16,418)	Subsidiary (Note 5)
	Aval Technologies Co., Ltd.	Taiwan	Sale of information and communication technologies products	89,550	89,550	10,060	100	110,508	8,656	8,658	Subsidiary (Note 5)
	Senyoung Insurance Agent Co., Ltd.	Taiwan	Property and liability insurance agency	59,000	59,000	5,900	100	90,862	30,144	30,120	Subsidiary (Note 5)
CHIEF Telecom Inc.	Unigate Telecom Inc.	Taiwan	Telecommunications and internet service	2,000	2,000	200	100	980	94	94	Subsidiary (Note 5)
	Chief International Corp.	Samoa Islands	Telecommunications and internet service	6,068	6,068	200	100	78,699	9,338	9,338	Subsidiary (Note 5)
Chunghwa Telecom Singapore Pte., Ltd.	ST-2 Satellite Ventures Pte., Ltd.	Singapore	Operation of ST-2 telecommunications satellite	409,061	409,061	18,102	38	488,257	280,191	106,472	Associate
Chunghwa Investment Co., Ltd.	Chunghwa Precision Test Tech. Co., Ltd.	Taiwan	Production and sale of semiconductor testing components and printed circuit board	178,608	178,608	11,230	34	2,414,555	933,693	319,786	Subsidiary (Note 5)
	CHIEF Telecom Inc.	Taiwan	Network integration, internet data center ("IDC"), communications integration and cloud application services	19,064	19,064	2,078	3	88,104	607,779	18,051	Associate (Note 5)
	Senao International Co., Ltd.	Taiwan	Selling and maintaining mobile phones and its peripheral products	49,731	49,731	1,001	-	43,664	436,717	1,693	Associate (Note 5)

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1, 2 and 3)	Note
				December 31, 2020	December 31, 2019	Shares (Thousands)	Percentage of Ownership (%)	Carrying Value (Note 3)			
Chunghwa Precision Test Tech. Co., Ltd.	Chunghwa Precision Test Tech USA Corporation	United States	Design and after-sale services of semiconductor testing components and printed circuit board	$ 12,636	$ 12,636	400	100	$ 23,847	$ 755	$ 755	Subsidiary (Note 5)
	CHPT Japan Co., Ltd.	Japan	Related services of electronic parts, machinery processed products and printed circuit board	2,008	2,008	1	100	2,472	89	89	Subsidiary (Note 5)
	Chunghwa Precision Test Tech. International, Ltd.	Samoa Islands	Wholesale and retail of electronic materials, and investment	116,790	116,790	3,700	100	92,315	8,441	8,956	Subsidiary (Note 5)
Prime Asia Investments Group, Ltd. (B.V.I.)	Chunghwa Hsingta Co., Ltd.	Hong Kong	Investment	375,274	375,274	1	100	163,121	(19,434)	(19,434)	Subsidiary (Note 5)
	MeWorks Limited (HK)	Hong Kong	Investment	-	10,000	-	-	-	-	-	Associate
Senao International (Samoa) Holding Ltd.	Senao International HK Limited	Hong Kong	International investment	2,248,963	2,328,754	80,440	100	212,814	(24,766)	(24,766)	Subsidiary (Note 5)
Youth Co., Ltd.	ISPOT Co., Ltd.	Taiwan	Sale of information and communication technologies products	53,021	53,021	-	100	10,562	1,656	1,464	Subsidiary (Note 5)
	Youyi Co., Ltd.	Taiwan	Maintenance of information and communication technologies products	21,354	21,354	-	100	18,145	1,234	993	Subsidiary (Note 5)
Aval Technologies Co., Ltd.	Wiin Technology Co., Ltd.	Taiwan	Sale of information and communication technologies products	29,550	29,550	2,955	100	33,476	3,695	3,695	Subsidiary (Note 5)
Senyoung Insurance Agent Co., Ltd.	Senaolife Insurance Agent Co., Ltd.	Taiwan	Life insurance services	29,500	29,500	2,950	100	26,186	(3,034)	(3,034)	Subsidiary (Note 5)
CHYP Multimedia Marketing & Communications Co., Ltd	Click Force Marketing Company	Taiwan	Advertisement services	44,607	44,607	1,078	49	33,086	3,998	(209)	Associate
International Integrated Systems, Inc.	Infoexplorer International Co., Ltd.	Samoa	Investment	24,806	24,806	795	100	27,018	850	850	Subsidiary (Note 6)
	IISI Investment Co., Ltd.	Mauritius	Investment	81,302	81,302	244	100	28,990	(10,872)	(10,872)	Subsidiary (Note 6)
	Unitronics Technology Corp.	Taiwan	Development and maintenance of information system	55,569	55,569	5,065	99.96	69,867	7,783	7,780	Subsidiary (Note 6)
Infoexplorer International Co., Ltd.	International Integrated Systems (Hong Kong) Limited	Hong Kong	Investment and engaging in technical consulting service	24,336	24,336	780	100	27,011	870	870	Subsidiary (Note 6)
IISI Investment Co., Ltd.	Leading Tech Co., Ltd.	Mauritius	Investment	65,374	65,374	316	100	18,466	(10,587)	(10,587)	Subsidiary (Note 6)
Leading Tech Co., Ltd.	Leading Systems Co., Ltd.	Mauritius	Investment	100,693	100,693	300	100	13,615	(10,588)	(10,588)	Subsidiary (Note 6)

Note 1: The amounts were based on audited financial statements.

Note 2: Recognized gain (loss) of investees includes amortization of differences between the investment cost and net value and elimination of unrealized transactions.

Note 3: Recognized gain (loss) and carrying value of the investees did not include the adjustment of the difference between the accounting treatment on standalone basis and consolidated basis as a result of the application of IFRS 15.

Note 4: Investments in mainland China are included in Table 9.

Note 5: The amount was eliminated upon consolidation.

Note 6: The Company only eliminated the amounts after accounts of IISI and its subsidiaries are included in the consolidated financial statements.

Note 7: UUPON Inc. was transferred to financial assets at fair value through other comprehensive income.

(Concluded)

TABLE 9

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020	Note
					Outflow	Inflow							
Senao Trading (Fujian) Co., Ltd.	Sale of information and communication technologies products	$ 1,073,170	2	$ 1,073,170	$ -	$ -	$ 1,073,170	$ -	100	$ -	$ -	$ -	Notes 8 and 15
Senao International Trading (Shanghai) Co., Ltd.	Sale of information and communication technologies products	955,838	2	955,838	-	-	955,838	(21,189)	100	(21,189)	29,402	-	Notes 9 and 15
Senao International Trading (Shanghai) Co., Ltd. (Note 17)	Maintenance of information and communication technologies products	26,053	2	26,053	-	-	26,053	-	100	-	-	-	Notes 10 and 15
Senao International Trading (Jiangsu) Co., Ltd.	Sale of information and communication technologies products	183,944	2	263,736	-	79,792	183,944	-	100	-	-	-	Notes 11 and 15
Chunghwa Telecom (China) Co., Ltd.	Integrated information and communication solution services for enterprise clients, and intelligent energy network service	177,176	2	177,176	-	-	177,176	(12,712)	100	(12,712)	32,224	-	Notes 13 and 15
Jiangsu Zhenghua Information Technology Company, LLC	Providing intelligent energy saving solution and intelligent buildings services	189,410	2	142,057	-	-	142,057	-	75	-	-	-	Notes 12 and 15
Shanghai Taihua Electronic Technology Limited	Design of printed circuit board and related consultation service	51,233	2	51,233	-	-	51,233	(9,675)	100	(9,675)	16,490	-	Note 15
Su Zhou Precision Test Tech. Ltd.	Assembly processed of circuit board, design of printed circuit board and related consultation service	62,340	2	62,340	-	-	62,340	18,127	100	18,127	78,314	-	Note 15
Shanghai Chief Telecom Co., Ltd.	Telecommunications and internet service	10,150	1	4,973	-	-	4,973	5,047	49	2,473	13,561	-	Note 15
International Integrated Systems Inc. (Shanghai)	Development and maintenance of information system	48,753	2	39,923	-	-	39,923	(10,588)	100	(10,588)	18,550	-	Note 16

(Continued)

Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020	Note
					Outflow	Inflow							
Huiyu Shanghai Management Consultancy Co., Ltd.	Development and maintenance of information system	$ 13,670	3	$ -	$ -	$ -	$ -	$ (4,093)	100	$ (4,093)	$ -	$ -	Notes 14 and 16

Investee	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA
SENAO and its subsidiaries (Note 3)	$ 2,239,005	$ 2,239,005	$ 3,556,272
Chunghwa Telecom (China) Co., Ltd. (Note 4)	177,176	177,176	233,555,074
Jiangsu Zhenghua Information Technology Company, LLC (Note 4)	142,057	142,057	233,555,074
Chunghwa Precision Test Tech Co., Ltd and its subsidiaries (Note 5)	113,573	159,725	4,229,876
Shanghai Chief Telecom Co., Ltd. (Note 6)	4,973	4,973	1,794,361
IISI and its subsidiaries (Note 7)	39,923	39,923	640,718

Note 1: Investments are divided into three categories as follows:

a. Direct investment.
b. Investments through a holding company registered in a third region.
c. Others.

Note 2: The amounts were calculated based on the investee's audited financial statements.

Note 3: Senao International Co., Ltd. and its subsidiaries were calculated based on the consolidated net assets value of Senao International Co., Ltd.

Note 4: Chunghwa Telecom (China) Co., Ltd. and Jiangsu Zhenghua Information Technology Company, LLC were calculated based on the consolidated net assets value of Chunghwa Telecom Co., Ltd.

Note 5: Chunghwa Precision Test Tech. Co., Ltd. and its subsidiaries were calculated based on the consolidated net assets value of Chunghwa Precision Test Tech. Co., Ltd

Note 6: Shanghai Chief Telecom Co., Ltd. was calculated based on the consolidated net assets value of CHIEF Telecom Inc.

Note 7: IISI and its subsidiaries were calculated based on the consolidated net assets value of IISI.

Note 8: The liquidation of Senao Trading (Fujian) Co., Ltd. was completed in May 2019.

Note 9: Senao International Trading (Shanghai) Co., Ltd. was approved to end and dissolve its business in December 2020. The liquidation of Senao International Trading (Shanghai) Co., Ltd. is still in process.

Note 10: The liquidation of Senao International Trading (Shanghai) Co., Ltd. was completed in March 2018.

Note 11: The liquidation of Senao International Trading (Jiangsu) Co., Ltd. was completed in March 2019.

Note 12: The liquidation of Jiangsu Zhenhua Information Technology Company, LLC. was completed in December 2018.

Note 13: Chunghwa Telecom (China) Co., Ltd. was approved to end and dissolve its business in August 2020. The liquidation of Chunghwa Telecom (China) Co., Ltd. is still in process.

Note 14: The liquidation of Huiyu Shanghai Management Consultancy Co., Ltd. was completed in December 2020.

Note 15: The amount was eliminated upon consolidation.

Note 16: The Company only eliminated the amounts after accounts of IISI and its subsidiaries are included in the consolidated financial statements.

Note 17: The English name is the same as the above entity; however, the Chinese name included in the respective Articles of Incorporation is different from the above entity.

(Concluded)

TABLE 10

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Year	No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Transaction Details			
					Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
2020	0	Chunghwa Telecom Co., Ltd.	Senao International Co., Ltd.	a	Accounts receivable	$ 642,604	-	-
					Accrued custodial receipts	174,323	-	-
					Accounts payable	753,706	-	-
					Amounts collected for others	137,816	-	-
					Revenues	3,164,854	-	2
					Operating costs and expenses	648,459	-	-
					Inventories	27,666	-	-
					Property, plant and equipment	11,929	-	-
			CHIEF Telecom Inc.	a	Accounts receivable	59,926	-	-
					Accounts payable	22,164	-	-
					Revenues	406,642	-	-
					Operating costs and expenses	122,025	-	-
			CHYP Multimedia Marketing & Communications Co., Ltd.	a	Accounts payable	36,588	-	-
					Amounts collected for others	44,201	-	-
					Revenues	34,401	-	-
					Operating costs and expenses	110,915	-	-
			Chunghwa System Integration Co., Ltd.	a	Accounts receivable	41,008	-	-
					Accounts payable	345,168	-	-
					Revenues	17,654	-	-
					Operating costs and expenses	1,198,845	-	1
					Inventories	95,061	-	-
					Prepayments	105,755	-	-
					Other current assets	16,834	-	-
					Property, plant and equipment	246,831	-	-
					Intangible assets	49,046	-	-
					Other noncurrent assets	16,964	-	-
			Chunghwa Telecom Global Inc.	a	Accounts receivable	14,734	-	-
					Accounts payable	35,056	-	-
					Revenues	96,108	-	-
					Operating costs and expenses	313,914	-	-
			Donghwa Telecom Co., Ltd.	a	Accounts receivable	31,020	-	-
					Accounts payable	144,874	-	-
					Revenues	178,470	-	-
					Operating costs and expenses	451,365	-	-

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Year	No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Transaction Details			
					Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
			Spring House Entertainment Tech. Inc.	a	Amounts collected for others	$ 20,420	-	-
					Revenues	30,829	-	-
			Chunghwa Telecom Japan Co., Ltd.	a	Revenues	33,497	-	-
					Operating costs and expenses	93,429	-	-
			Light Era Development Co., Ltd.	a	Accounts payable	22,263	-	-
					Inventories	16,457	-	-
					Property, plant and equipment	148,483	-	-
			Chunghwa Telecom Singapore Pte., Ltd.	a	Accounts receivable	40,919	-	-
					Accounts payable	66,693	-	-
					Revenues	58,653	-	-
					Operating costs and expenses	157,772	-	-
			Honghwa International Co., Ltd.	a	Accounts receivable	49,555	-	-
					Accounts payable	682,373	-	-
					Revenues	268,779	-	-
					Operating costs and expenses	5,421,782	-	3
					Inventories	114,521	-	-
					Property, plant and equipment	100,542	-	-
			Smartfun Digital Co., Ltd.	a	Accounts payable	19,225	-	-
					Operating costs and expenses	44,685	-	-
			Chunghwa Telecom (Thailand) Co., Ltd.	a	Operating costs and expenses	29,103	-	-
			CHT Security Co., Ltd.	a	Accounts receivable	14,392	-	-
					Accounts payable	109,857	-	-
					Revenues	42,305	-	-
					Operating costs and expenses	301,066	-	-
					Inventories	37,600	-	-
					Other noncurrent assets	36,274	-	-
			Aval Technologies Co., Ltd.	a	Accounts payable	37,085	-	-
					Operating costs and expenses	222,544	-	-
					Customers' deposits	21,339	-	-
			Senyoung Insurance Agent Co., Ltd.	a	Accounts receivable	45,799	-	-
					Revenues	107,879	-	-
			International Integrated Systems, Inc.	a	Accounts payable	235,565	-	-
					Revenues	10,260	-	-
					Operating costs and expenses	36,882	-	-
					Inventories	114,212	-	-
	1	Light Era Development Co., Ltd.	CHIEF Telecom Inc.	c	Revenues	96,619	-	-

(Continued)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Year	No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Transaction Details			
					Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
	2	Donghwa Telecom Co., Ltd.	Chunghwa Telecom Singapore Pte., Ltd.	c	Unearned receipts	$ 13,227	-	-
	3	CHIEF Telecom Inc.	Chunghwa Telecom Singapore Pte., Ltd.	c	Revenues	36,669	-	-
					Operating costs and expenses	53,043	-	-

Note 1: Significant transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

a. "0" for the Company.
b. Subsidiaries are numbered from "1".

Note 2: Related party transactions are divided into three categories as follows:

a. The Company to subsidiaries.
b. Subsidiaries to the Company.
c. Subsidiaries to subsidiaries.

Note 3: Transaction terms with the related parties were determined in accordance with mutual agreements when there were no similar transactions with third parties. Other transactions with related parties were not significantly different from those with third parties.

Note 4: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of December 31, 2020, while revenues, costs and expenses are shown as a percentage to consolidated revenues for the year ended December 31, 2020.

Note 5: The amount was eliminated upon consolidation.

(Concluded)

TABLE 11

CHUNGHWA TELECOM CO., LTD.

INFORMATION OF MAJOR STOCKHOLDERS
DECEMBER 31, 2020

Name of Major Stockholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Ministry of Transportation and Communications	2,737,718,976	35.29
Shin Kong Life Insurance Co., Ltd.	551,639,184	7.11

Note: This table presents information provided by the Taiwan Depository & Clearing Corporation on stockholders holding greater than 5% of Chunghwa's dematerialized securities that have completed the process of registration and delivery by book-entry transfer as of the last business day for the current quarter.

9. Parent-only Financial Statements and Independent Auditors' Report

Chunghwa Telecom Co., Ltd.

Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Chunghwa Telecom Co., Ltd.

Opinion

We have audited the accompanying financial statements of Chunghwa Telecom Co., Ltd. (the Company), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the financial statements for the year ended December 31, 2020 is as follows:

Revenue Recognition on Mobile Service

Refer to Notes 3 and 27 to the financial statements.

The Company's mobile service revenue consists of subscriber-based charges made up of a significant volume of low-dollar transactions. Because of the complexity and a variety of subscriber-based charges as well as a large number of transactions, the Company uses highly automated systems to process and record its revenue transactions.

Given the Company's systems to process and record revenue are highly automated, auditing revenue was complex and challenging due to the extent of audit effort required and involvement of professionals with expertise in information technology (IT) necessary for us to identify, test, and evaluate the Company's IT systems.

Our audit procedures related to the Company's systems to process revenue transactions included the following, among others:

- With the assistance of our IT specialists, we:
  - Identified the significant systems used to process revenue transactions and tested the general IT controls over each of these systems, including testing of user access controls and change management controls.
  - Performed testing of system interface controls and automated controls within the relevant revenue streams, as well as the controls designed to ensure the accuracy and completeness of revenue.
- We tested internal controls within the relevant revenue business processes, including those in place to reconcile the various systems to the Company's accounting system.
- We selected samples from mobile service revenue and agreed to customer contracts and records of cash receipts.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Dien Sheng Chang and Cheng Hung Kuo.

Dien-Sheng Chang Cheng-Hung Kuo

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2021

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

CHUNGHWA TELECOM CO., LTD.

BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 3 and 6)	$ 20,090,053	4	$ 25,081,712	5
Financial assets at fair value through profit or loss (Notes 3, 4 and 7)	2,271	-	-	-
Hedging financial assets (Notes 3 and 19)	1,752	-	327	-
Contract assets (Notes 3 and 27)	1,734,081	1	1,470,985	-
Trade notes and accounts receivable, net (Notes 3, 4, 9 and 27)	19,554,643	4	23,478,061	5
Receivables from related parties (Note 34)	1,340,550	-	785,570	-
Inventories (Notes 3, 4 and 10)	7,046,686	1	12,491,728	3
Prepayments (Note 11)	1,691,978	-	1,436,346	-
Other current monetary assets (Notes 12, 25 and 31)	1,281,393	-	2,866,059	1
Other current assets (Note 18)	2,183,471	1	2,354,215	1
Total current assets	54,926,878	11	69,965,003	15
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss (Notes 3, 4 and 7)	677,202	-	778,105	-
Financial assets at fair value through other comprehensive income (Notes 3, 4 and 8)	6,903,679	1	6,923,315	2
Investments accounted for using equity method (Notes 3 and 13)	20,338,212	4	20,320,122	4
Contract assets (Notes 3 and 27)	1,007,608	-	804,698	-
Property, plant and equipment (Notes 3, 4, 14, 31 and 34)	272,623,164	56	274,744,872	60
Right-of-use assets (Notes 3, 4, and 15)	10,028,227	2	10,292,025	2
Investment properties (Notes 3, 4, 16, 31 and 34)	9,546,547	2	8,094,618	2
Intangible assets (Notes 3, 4, 17 and 31)	89,723,406	19	46,519,457	10
Deferred income tax assets (Notes 3 and 29)	2,623,633	1	2,719,035	1
Incremental costs of obtaining contracts (Notes 3 and 27)	7,015,079	1	6,976,421	2
Net defined benefit assets (Notes 3, 4 and 25)	3,351,546	1	2,108,176	1
Prepayments (Note 11)	1,152,722	1	1,381,618	-
Other noncurrent assets (Notes 18 and 35)	4,421,119	1	5,687,816	1
Total noncurrent assets	429,412,144	89	387,350,278	85
TOTAL	$ 484,339,022	100	$ 457,315,281	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bills payable (Note 20)	$ 6,999,198	1	$ -	-
Financial liabilities at fair value through profit or loss (Notes 3, 4 and 7)	-	-	228	-
Contract liabilities (Notes 3, 27 and 34)	12,661,964	3	16,684,939	3
Trade notes and accounts payable (Note 22)	12,226,935	3	12,052,523	3
Payables to related parties (Note 34)	3,380,488	1	3,663,713	1
Current tax liabilities (Notes 3 and 29)	3,914,134	1	3,739,435	1
Lease liabilities (Notes 3, 4, 15, 31 and 34)	2,938,305	1	2,939,410	1
Other payables (Notes 23 and 31)	20,046,085	4	19,270,583	4
Provisions (Notes 3 and 24)	214,266	-	107,902	-
Other current liabilities	976,630	-	923,457	-
Total current liabilities	63,358,005	14	59,382,190	13
NONCURRENT LIABILITIES				
Bonds payable (Notes 21)	19,980,272	4	-	-
Contract liabilities (Notes 3 and 27)	5,341,114	1	4,414,979	1
Deferred income tax liabilities (Notes 3 and 29)	1,935,233	-	1,880,925	-
Provisions (Notes 3 and 24)	100,616	-	97,382	-
Lease liabilities (Notes 3, 4, 15, 31 and 34)	5,682,342	1	5,755,804	2
Customers' deposits (Note 34)	4,722,280	1	4,653,517	1
Net defined benefit liabilities (Notes 3, 4 and 25)	3,316,932	1	3,412,740	1
Other noncurrent liabilities	1,971,212	-	1,607,501	-
Total noncurrent liabilities	43,050,001	8	21,822,848	5
Total liabilities	106,408,006	22	81,205,038	18
EQUITY (Note 26)				
Common stocks	77,574,465	16	77,574,465	17
Additional paid-in capital	171,261,379	35	171,255,985	37
Retained earnings				
Legal reserve	77,574,465	16	77,574,465	17
Special reserve	2,675,419	1	2,675,419	1
Unappropriated earnings	47,918,166	10	46,341,361	10
Total retained earnings	128,168,050	27	126,591,245	28
Others	927,122	-	688,548	-
Total equity	377,931,016	78	376,110,243	82
TOTAL	$ 484,339,022	100	$ 457,315,281	100

The accompanying notes are an integral part of the financial statements.

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
REVENUES (Notes 3, 27, 34 and 39)	$ 178,622,827	100	$ 179,321,838	100
OPERATING COSTS (Notes 3, 10, 25, 27, 28, 34 and 39)	117,206,244	66	116,056,276	65
GROSS PROFIT	61,416,583	34	63,265,562	35
OPERATING EXPENSES (Notes 3, 9, 25, 28, 34 and 39)				
Marketing	16,596,096	9	18,130,247	10
General and administrative	3,720,192	2	3,558,580	2
Research and development	3,129,236	2	3,341,306	2
Expected credit loss (reversal of credit loss)	45,689	-	(127,019)	-
Total operating expenses	23,491,213	13	24,903,114	14
OTHER INCOME AND EXPENSES (Notes 14, 16, 18, 28 and 39)	1,614,287	1	(16,583)	-
INCOME FROM OPERATIONS	39,539,657	22	38,345,865	21
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 39)	52,889	-	157,099	-
Other income (Notes 8, 28 and 34)	346,745	-	386,747	-
Other gains and losses (Notes 13, 28, 33 and 34)	(100,341)	-	(5,572)	-
Interest expenses (Notes 15, 28, 34 and 39)	(171,658)	-	(61,873)	-
Share of profits of subsidiaries, associates and joint ventures accounted for using equity method (Notes 13 and 39)	1,216,137	1	1,440,326	1
Total non-operating income and expenses	1,343,772	1	1,916,727	1
INCOME BEFORE INCOME TAX	40,883,429	23	40,262,592	22
INCOME TAX EXPENSE (Notes 3 and 29)	7,477,299	4	7,474,046	4
NET INCOME	33,406,130	19	32,788,546	18

(Continued)

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit pension plans (Note 25)	$ 1,170,312	1	$ 1,506,290	1
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income (Notes 3, 26 and 33)	546,879	-	399,429	-
Gain or loss on hedging instruments subject to basis adjustment (Notes 3 and 19)	1,425	-	(742)	-
Share of unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income of subsidiaries, associates and joint ventures (Notes 3, 13 and 26)	(126,890)	-	(101,103)	-
Share of remeasurements of defined benefit pension plans of subsidiaries, associates and joint ventures (Note 13)	708	-	2,864	-
Income tax relating to items that will not be reclassified to profit or loss (Note 29)	(234,062)	-	(301,258)	-
	1,358,372	1	1,505,480	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from the translation of the foreign operations	(156,990)	-	(71,056)	-
Share of exchange differences arising from the translation of the foreign operations of subsidiaries, associates and joint ventures (Note 13)	(9,164)	-	2,106	-
	(166,154)	-	(68,950)	-
Total other comprehensive income, net of income tax	1,192,218	1	1,436,530	1
TOTAL COMPREHENSIVE INCOME	$ 34,598,348	20	$ 34,225,076	19
EARNINGS PER SHARE (Note 30)				
Basic	$ 4.31		$ 4.23	
Diluted	$ 4.30		$ 4.22	

The accompanying notes are an integral part of the financial statements. (Concluded)

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

			Retained Earnings (Note 26)			Others (Notes 19 and 26)			
	Common Stocks (Note 26)	Additional Paid-in Capital (Note 26)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Arising from the Translation of the Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value through Other Comprehensive Income	Gain or Loss on Hedging Instruments	Total Equity
BALANCE, JANUARY 1, 2019	$ 77,574,465	$ 171,136,764	$ 77,574,465	$ 2,675,419	$ 47,090,522	$ (79,427)	$ 538,272	$ 1,069	$ 376,511,549
Appropriation of 2018 earnings									
Cash dividends	-	-	-	-	(34,745,603)	-	-	-	(34,745,603)
Unclaimed dividend	-	1,266	-	-	-	-	-	-	1,266
Change in additional paid-in capital from investments in subsidiaries, associates and joint ventures accounted for using equity method	-	117,955	-	-	-	-	-	-	117,955
Net income for the year ended December 31, 2019	-	-	-	-	32,788,546	-	-	-	32,788,546
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,207,896	(68,950)	298,326	(742)	1,436,530
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	33,996,442	(68,950)	298,326	(742)	34,225,076
BALANCE, DECEMBER 31, 2019	77,574,465	171,255,985	77,574,465	2,675,419	46,341,361	(148,377)	836,598	327	376,110,243
Appropriation of 2019 earnings									
Cash dividends	-	-	-	-	(32,782,969)	-	-	-	(32,782,969)
Unclaimed dividend	-	1,605	-	-	-	-	-	-	1,605
Change in additional paid-in capital from investments in subsidiaries, associates and joint ventures accounted for using equity method	-	3,789	-	-	-	-	-	-	3,789
Net income for the year ended December 31, 2020	-	-	-	-	33,406,130	-	-	-	33,406,130
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	936,958	(166,154)	419,989	1,425	1,192,218
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	34,343,088	(166,154)	419,989	1,425	34,598,348
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	16,686	-	(16,686)	-	-
BALANCE, DECEMBER 31, 2020	$ 77,574,465	$ 171,261,379	$ 77,574,465	$ 2,675,419	$ 47,918,166	$ (314,531)	$ 1,239,901	$ 1,752	$ 377,931,016

The accompanying notes are an integral part of the financial statements.

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 40,883,429	$ 40,262,592
Adjustments for:		
Depreciation	29,852,639	29,852,819
Amortization	5,335,650	4,168,630
Amortization of incremental costs of obtaining contracts	5,395,125	6,269,916
Expected credit loss (reversal of credit loss)	45,689	(127,019)
Interest expenses	171,658	61,873
Interest income	(52,889)	(157,099)
Dividend income	(240,821)	(292,450)
Share of profits of subsidiaries, associates and joint ventures accounted for using equity method	(1,216,137)	(1,440,326)
Loss (gain) on disposal of property, plant and equipment	(1,435,864)	29,229
Gain on disposal of investment properties	(151,357)	-
Gain on disposal of investments accounted for using equity method	(13,398)	(30,152)
Provision for impairment loss and obsolescence of inventory	1,124,350	475,024
Reversal of impairment loss on investment properties	(27,066)	(56,617)
Impairment loss on other assets	-	43,971
Valuation loss on financial assets and liabilities at fair value through profit or loss, net	98,404	38,588
Others	8,473	(23,322)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Contract assets	(467,335)	46,157
Trade notes and accounts receivable	4,042,945	4,747,965
Receivables from related parties	(554,980)	32,304
Inventories	4,320,692	(2,494,993)
Prepayments	(10,178)	(60,009)
Other current monetary assets	145,786	26,462
Other current assets	170,744	155,357
Incremental cost of obtaining contracts	(5,433,783)	(5,625,633)
Increase (decrease) in:		
Contract liabilities	(3,096,840)	6,785,691
Trade notes and accounts payable	173,789	(4,720,176)
Payables to related parties	(283,225)	(779,499)
Other payables	(1,118,468)	297,078
Provisions	109,598	75,813
Other current liabilities	69,232	(49,362)
Net defined benefit plans	(168,867)	540,389
Cash generated from operations	77,676,995	78,053,201
Interest paid	(126,846)	(61,873)
Income tax paid	(7,386,952)	(7,846,879)
Net cash provided by operating activities	70,163,197	70,144,449

(Continued)

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	$ 297,476	$ -
Proceeds from return of financial assets at fair value through other comprehensive income	-	9,167
Acquisition of financial assets at fair value through profit or loss	-	(300,000)
Acquisition of time deposits and negotiable certificates of deposit with maturities of more than three months	(11,803)	(9,700,000)
Proceeds from disposal of negotiable certificates of deposit with maturities of more than three months	1,600,000	12,500,000
Acquisition of investments accounted for using equity method	(244,123)	(4,221,032)
Proceeds from disposal of investments accounted for using equity method	-	32,470
Proceeds from capital reduction of investments accounted for using equity method	-	12,932
Acquisition of property, plant and equipment	(22,740,612)	(22,427,073)
Proceeds from disposal of property, plant and equipment	316,940	50,991
Acquisition of intangible assets	(47,539,599)	(283,792)
Acquisition of investment properties	(54,435)	(523)
Proceeds from disposal of investment properties	188,300	-
Decrease (increase) in other noncurrent assets	96,334	(1,240,253)
Interest received	59,538	162,411
Cash dividends received from others	240,821	292,450
Cash dividends received from subsidiaries, associates and joint ventures accounted for using equity method	1,309,769	939,221
Net cash used in investing activities	(66,481,394)	(24,173,031)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term bills payable	41,000,000	-
Repayment of short-term bills payable	(34,000,000)	-
Proceeds from issuance of bonds	20,000,000	-
Payments for transaction costs attributable to the issuance of bonds	(21,038)	-
Increase (decrease) in customers' deposits	52,704	(8,028)
Payments for the principal of lease liabilities	(3,287,475)	(3,306,322)
Increase in other noncurrent liabilities	363,711	246,130
Cash dividends paid	(32,782,969)	(34,745,603)
Unclaimed dividend	1,605	1,266
Net cash used in financing activities	(8,673,462)	(37,812,557)

(Continued)

CHUNGHWA TELECOM CO., LTD.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (4,991,659)	$ 8,158,861
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	25,081,712	16,922,851
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 20,090,053	$ 25,081,712

The accompanying notes are an integral part of the financial statements. (Concluded)

CHUNGHWA TELECOM CO., LTD.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL

Chunghwa Telecom Co., Ltd. ("the Company") was incorporated on July 1, 1996 in the Republic of China ("ROC"). The Company is a company limited by shares and, prior to August 2000, was wholly owned by the Ministry of Transportation and Communications ("MOTC"). Prior to July 1, 1996, the current operations of the Company were carried out under the Directorate General of Telecommunications ("DGT"). The DGT was established by the MOTC in June 1943 to take primary responsibility in the development of telecommunications infrastructure and to formulate policies related to telecommunications. On July 1, 1996, the telecom operations of the DGT were spun-off as the Company which continues to carry out the business and the DGT continues to be the industry regulator.

Effective August 12, 2005, the MOTC completed the process of privatizing the Company by reducing the government ownership to below 50% in various stages. In July 2000, the Company received approval from the Securities and Futures Commission (the "SFC") for a domestic initial public offering and its common stocks were listed and traded on the Taiwan Stock Exchange (the "TWSE") on October 27, 2000. Certain of the Company's common stocks were sold, in connection with the foregoing privatization plan, in domestic public offerings at various dates from August 2000 to July 2003. Certain of the Company's common stocks were also sold in an international offering of securities in the form of American Depository Shares ("ADS") on July 17, 2003 and were listed and traded on the New York Stock Exchange (the "NYSE"). The MOTC sold common stocks of the Company by auction in the ROC on August 9, 2005 and completed the second international offering on August 10, 2005. Upon completion of the share transfers associated with these offerings on August 12, 2005, the MOTC owned less than 50% of the outstanding shares of the Company and completed the privatization plan.

The financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors on February 23, 2021.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The accompanying financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values and net defined benefit liabilities (assets) which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

When preparing the accompanying financial statements, the Company used equity method to account for its investment in subsidiaries, associates and joint ventures. In order for the amounts of the net profit, other comprehensive income and total equity in the parent company only financial statements to be the same with those amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to the captions of "investments accounted for using equity method", "share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method", "share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method" and related equity items, as appropriate, in the parent company only financial statements.

Current and Noncurrent Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within twelve months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within twelve months after the reporting period; and

c. Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as noncurrent.

Foreign Currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined and related exchange differences are recognized in profit or loss. Conversely, when the fair value changes were recognized in other comprehensive income, related exchange difference shall be recognized in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting financial statements, the assets and liabilities of the Company's foreign operations (including of the subsidiaries, associates and joint ventures in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income.

Cash Equivalents

Cash equivalents include commercial paper, negotiable certificates of deposit and triple stimulus vouchers with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

Inventories

Inventories are stated at the lower of cost or net realizable value item by item, except for those that may be appropriate to group items of similar or related inventories. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. The calculation of the cost of inventory is derived using the weighted-average method.

Investments Accounted for Using Equity Method

Investments in subsidiaries, associates and joint ventures are accounted for using equity method.

a. Investment in subsidiaries

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment in subsidiaries is initially recognized at cost and the increase or decrease of carrying amount reflects the recognition of the Company's share of profit or loss and other comprehensive income of the subsidiaries after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment of the subsidiaries and the fair value of the consideration paid or received is recognized directly in equity.

The acquisition cost in excess of the acquisition-date fair value of the identifiable net assets acquired is recognized as goodwill, which is included within the carrying amount of the investment and shall not be amortized. The acquisition-date fair value of the net identifiable assets acquired in excess of the acquisition cost is recognized immediately in profit or loss.

Unrealized profits and losses from downstream transactions with a subsidiary are eliminated in full. Profits and losses from upstream transactions with a subsidiary and sidestream transactions between subsidiaries are recognized in the Company's financial statements only to the extent of interests in the subsidiary that are not related to the Company.

b. Investments in associates and joint ventures

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Company and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Under the equity method, an investment in an associate and a joint venture is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate and joint venture as well as the distribution received. The Company also recognizes its share in changes in the associates and joint ventures.

When the Company subscribes for new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate and joint venture. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to additional paid-in capital. When the adjustment should be debited to additional paid-in capital but the additional paid-in capital recognized from investments accounted for using equity method is insufficient, the shortage is debited to retained earnings.

Any excess of the cost of acquisition over the Company's share of the fair value of the identifiable net assets and liabilities of an associate and a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and shall not be amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and joint venture. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate and joint venture directly disposed of the related assets or liabilities.

When the Company transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Company's financial statements only to the extent of interests in the associate and joint venture that are not related to the Company.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. Freehold land is not depreciated. The estimated useful lives, residual values and depreciation method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period in which the property is derecognized.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer from the investment properties to property, plant and equipment, the deemed cost of the property, plant and equipment for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a transfer from the property, plant and equipment to investment properties, the deemed cost of the investment properties for subsequent accounting is its carrying amount at the end of owner-occupation.

For a contract where a land owner provides land for the construction of buildings by a property developer in exchange for a certain percentage of the buildings, any exchange gain or loss is recognized when the exchange transaction occurs if the exchange transaction has commercial substance.

On derecognition of the investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period in which the property is derecognized.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Company expects to dispose of the intangible asset before the end of its economic life.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss in the period in which the asset is derecognized.

Impairment of Property, Plant and Equipment, Right-of-use Assets, Intangible Assets and Incremental Costs of Obtaining Contracts

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Impairment loss from the assets related to incremental cost of obtaining contracts is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement category

a) Financial assets at fair value through profit or loss (FVTPL)

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at fair value through other comprehensive income (FVOCI).

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend earned on the financial asset. Fair value is determined in the manner described in Note 33.

b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss, except for short-term receivables as the effect of discounting is immaterial. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such financial assets.

c) Investments in equity instruments at FVOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments. Instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

The Company recognizes lifetime Expected Credit Loss (ECL) for accounts receivable and contract assets. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of investments in equity instruments at FVOCI in its entirety, the cumulative gain or loss is directly transferred to retained earnings, and it is not reclassified to profit or loss.

b. Financial liabilities

1) Subsequent measurement

Except for financial liabilities at FVTPL, all the financial liabilities are subsequently measured at amortized cost using the effective interest method.

2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

c. Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including forward exchange contracts.

Derivatives are initially measured at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Hedge Accounting

The Company designates some derivatives instruments as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and are included in the initial cost of the non-financial asset or non-financial liability.

The Company discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Provisions

Provisions are measured at the best estimate of the expenditure required to settle the Company's obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The provisions for warranties claims are made by management according to the sales agreements which represent the management's best estimate of the future outflow of economic benefits. The provisions of warranties claims are recognized as operating cost in the period in which the goods

are sold. The provision for onerous contracts represents the present obligation resulting from the measurement for the unavoidable costs of meeting the Company's contractual obligations exceed the economic benefits expected to be received from the contracts.

Revenue Recognition

The Company identifies the performance obligations in the contract with the customers, allocates transaction price to each performance obligation and recognizes revenue when performance obligations are satisfied.

Sales of products are recognized as revenue when the Company delivers products and the customer accepts and controls the product. Except for the consumer electronic products such as mobile devices sold in channel stores which are usually in cash sale, the Company recognizes revenues for sale of other electronic devices and corresponding trade notes and accounts receivable.

Usage revenues from fixed-line services (including local, domestic long distance and international long distance telephone services), mobile services, internet and data services, and interconnection and call transfer fees from other telecommunications companies and carriers are billed in arrears and are recognized based upon seconds or minutes of traffic processed when the services are provided in accordance with contract terms. The usage revenues and corresponding trade notes and accounts receivable are recognized monthly.

Other revenues are recognized as follows: (a) one-time subscriber connection fees (on fixed-line services) are first recognized as contract liabilities and revenues are recognized subsequently over the average expected customer service periods, (b) monthly fees (on fixed-line services, mobile, internet and data services) and related receivables are accrued monthly, and (c) prepaid services (fixed-line, mobile, internet and data services) are recognized as contract liabilities upon collection considerations from customers and are recognized as revenues subsequently based upon actual usage by customers.

Where the Company enters into transactions which involve both the provision of telecommunications service bundled with products such as handsets, total consideration received from products and telecommunications service in these arrangements are allocated based on their relative stand-alone selling price. The amount of sales revenue recognized for products is not limited to the amount paid by the customer for the products. When the amount of sales revenue recognized for products exceeded the amount paid by the customer for the products, the difference is recognized as contract assets. Contract assets are reclassified to accounts receivable when the amounts become collectible from customers subsequently. When the amount of sales revenue recognized for products was less than the amount paid by the customer for the products, the difference is recognized as contract liabilities and revenues are recognized subsequently when the telecommunications service are provided.

For project business contracts, if a substantial part of the Company's promise to customers is to manage and coordinate the various tasks and assume the risks of those tasks to ensure the individual goods or services are incorporated into the combined output, they are treated as a single performance obligation since the Company provides a significant integration service. The Company recognizes revenues and corresponding accounts receivable when the project business contract is completed and accepted by customers.

For service contracts such as maintenance and warranties, customers simultaneously receive and consume the benefits provided by the Company; thus revenues and corresponding accounts receivable of service contracts are recognized over the related service period.

When another party is involved in providing goods or services to a customer, the Company is acting as a principal if it controls the specified good or service before that good or service is transferred to a customer; otherwise, the Company is acting as an agent. When the Company is acting as a principal, gross inflow of economic benefits arising from transactions is recognized as revenue. When the Company is acting as an agent, revenue is recognized as its share of transaction.

Incremental Costs of Obtaining Contracts

Commissions and equipment subsidy related to telecommunications service as a result of obtaining contracts are recognized as an asset under the incremental costs of obtaining contracts to the extent the costs are expected to be recovered, and are amortized over the contract period. However, the Company elects not to capitalize the incremental costs of obtaining contracts if the amortization period of the assets that the Company otherwise would have recognized is expected to be one year or less.

Leasing

At inception of a contract, the Company assesses whether the contract is, or contains, a lease.

a. The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

b. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for lease payments for low-value assets are recognized as expenses on a straight-line basis over the lease terms accounted for applying recognition exemption.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities and for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented separately on the balance sheets.

Right-of-use assets are depreciated using the straight-line basis from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities were initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If such rate cannot be readily determined, the lessee's incremental borrowing rate is used.

Lease liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. The Company accounts for the remeasurement of the lease liability as a result of the decrease of lease scope by decreasing the carrying amount of the right-of-use assets and recognizes in profit or loss any gain or loss on the partial or full termination of the lease. Lease liabilities are presented separately on the balance sheets.

Variable lease payments not depending on an index or a rate are recognized as expenses in the periods in which they are incurred.

Borrowing Costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to government grants and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses of the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should construct noncurrent assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Employee Benefits

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and gains or losses on settlements) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising (a) actuarial gains and losses; and (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

According to the Income Tax Act in the ROC, an additional tax of unappropriated earnings is provided for in the year the stockholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused tax credits from purchases of machinery, equipment and technology and research, development expenditures, etc. to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred tax are also recognized in other comprehensive income.

Where current tax or deferred tax arises from the initial accounting for the acquisition of a subsidiary, the tax effect is included in the accounting for the investments in a subsidiary.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY AND ASSUMPTION

In the application of the Company's accounting policies, the management is required to make judgments, estimates and assumptions which are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by the management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a. Critical accounting judgments

Revenue recognition

The Company's project agreements are mainly to provide one or more customized equipment or services to customers. In order to fulfill the agreements, another party may be involved in some agreements. The Company considers the following factors to determine whether the Company is a principal of the transaction: whether the Company is the primary obligation provider of the agreements, its exposures to inventory risks and the discretion in establishing prices, etc. The determination of whether the Company is a principal or an agent will affect the amount of revenue recognized by the Company. Only when the Company is acting as a principal, gross inflows of economic benefits arising from transactions is recognized as revenue.

Control over subsidiaries

As discussed in Note 13, some entities are subsidiaries of the Company although the Company only owns less than 50% ownership interests in these entities. After considering the Company's absolute size of holding in the entity and the relative size of and the dispersion of shares owned by the other stockholders, and the contractual arrangements between the Company and other investors, potential voting interests and the written agreement between stockholders, the management concluded that the Company has a sufficiently dominant voting interest to direct the relevant activities of the entity and therefore the Company has control over these entities.

b. Key sources of estimation uncertainty and assumption

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period. Actual results may differ from these estimates.

1) Impairment of trade notes and accounts receivable

The provision for impairment of trade notes and accounts receivable is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's past experience, current market conditions as well as forward looking information at the end of each reporting period. For details of the key assumptions and inputs used, see Note 9. Where the actual future cash flows are less than expected, a material impairment loss may arise.

2) Fair value measurements and valuation processes

For the assets and liabilities measured at fair value without quoted prices in active markets, the Company's management determines the appropriate valuation techniques for the fair value measurements and whether to engage third party qualified appraisers based on the related regulations and professional judgments.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities was disclosed in Note 33. If the actual changes of inputs in the future differ from expectation, the fair value may vary accordingly. The Company updates inputs periodically to monitor the appropriateness of the fair value measurement.

3) Provision for inventory valuation and obsolescence

Inventories are stated at the lower of cost or net realizable value. Net realizable value is calculated as the estimated selling price less the estimated selling costs. Comparison of net realizable value and cost is determined on an item by item basis, except for those similar items which could be categorized into the same groups. The Company uses the inventory holding period and turnover as the evaluation basis for inventory obsolescence losses.

4) Impairment of property, plant and equipment, right-of-use assets and intangible assets

When an indication of impairment is assessed with objective evidence, the Company considers whether the recoverable amount of an asset is less than its carrying amount and recognizes the impairment loss based on difference between the recoverable amount and its carrying amount. The estimate of recoverable amount would impact on the timing and the amount of impairment loss recognition.

5) Useful lives of property, plant and equipment

As discussed in Note 3, "Summary of Significant Accounting Policies - Property, Plant and Equipment", the Company reviews estimated useful lives of property, plant and equipment at the end of each year.

6) Recognition and measurement of defined benefit plans

Net defined benefit liabilities (assets) and the resulting pension expense under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, employee turnover rate, average future salary increase and etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

7) Lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for relevant duration and the same currency is selected as a reference rate. The lessee's credit spread adjustments and lease specific adjustments are also taken into account.

5. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee Interpretations (IFRIC) and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the amendments to the IFRS, IAS, IFRIC and SIC issued by the International Accounting Standards Board and endorsed and issued into effect by the FSC (collectively, the "Taiwan-IFRSs") does not have material impacts on the Company's financial statements.

b. Amendments to IFRSs endorsed by the FSC for application starting from January 1, 2021

New, Revised or Amended Standards and Interpretations		Effective Date Issued by IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - phase 2	January 1, 2021

The application of the above new, revised or amended standards and interpretations will not have material impact on the Company's financial statements.

c. IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations		Effective Date Announced by IASB (Note 1)
Amendments to IFRSs	Annual Improvements to IFRS Standards 2018-2020	January 1, 2022 (Note 2)
Amendments to IFRS 3	Reference to the Conceptual Framework	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	To be determined by IASB
Amendments to IAS 1	Classification of liabilities as current or noncurrent	January 1, 2023
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use	January 1, 2022 (Note 4)
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	January 1, 2022 (Note 5)

Note 1： Unless stated otherwise, the above new IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2： The amendments to IFRS 9 are applied prospectively to financial liabilities that are exchanged or modified on or after the annual reporting periods beginning on or after January 1, 2022.

Note 3： The amendments are applicable to business combinations for which the acquisition date is on or after the annual reporting period beginning on or after January 1, 2022.

Note 4： The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5： The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company's financial position and operating result and will disclose the relevant impact when the assessment is completed.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash		
Cash on hand	$ 125,611	$ 137,811
Bank deposits	4,463,396	4,114,398
	4,589,007	4,252,209

(Continued)

	December 31	
	2020	2019
Cash equivalents (investments with maturities of less than three months)		
Commercial paper	$ 12,899,702	$ 19,129,503
Negotiable certificates of deposit	2,600,000	1,700,000
Triple stimulus vouchers	1,344	-
	15,501,046	20,829,503
	$ 20,090,053	$ 25,081,712

(Concluded)

The annual yield rates of bank deposits, commercial paper and negotiable certificates of deposit were as follows:

	December 31	
	2020	2019
Bank deposits	0.00%-0.05%	0.00%-0.33%
Commercial paper	0.14%-0.26%	0.48%-0.54%
Negotiable certificates of deposit	0.24%-0.30%	0.58%-0.60%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
Financial assets - current		
Mandatorily measured at FVTPL		
Derivatives (not designated for hedge)		
Forward exchange contracts	$ 2,271	$ -
Financial assets - noncurrent		
Mandatorily measured at FVTPL		
Non-derivatives		
Non-listed stocks - domestic	$441,095	$510,801
Non-listed stocks - foreign	236,107	267,304
	$677,202	$778,105
Financial liabilities - current		
Held for trading		
Derivatives (not designated for hedge)		
Forward exchange contracts	$ -	$ 228

The Company increased its investment in Taiwania Capital Buffalo Fund Co., Ltd. proportionally for 300,000 thousand in October 2019 and the Company's ownership interest in Taiwania Capital Buffalo Fund Co., Ltd. remained at 12.90%.

Outstanding forward exchange contracts not designated for hedge as of balance sheet dates were as follows:

	Currency	Maturity Period	Contract Amount (In Thousands)
December 31, 2020			
Forward exchange contracts - buy	NT$/EUR	2021.03	NT$50,435 / EUR1,500
Forward exchange contracts - sell	US$/NT$	2021.02	US$13,000 / NT$365,375
December 31, 2019			
Forward exchange contracts - buy	NT$/EUR	2020.03	NT$50,910 / EUR1,500

The Company entered into the above forward exchange contracts to manage its exposure to foreign currency risk due to fluctuations in exchange rates. However, the aforementioned derivatives did not meet the criteria for hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT

	December 31	
	2020	2019
Domestic investments		
Listed stocks	$ 2,610,501	$ 2,388,416
Non-listed stocks	4,185,924	4,410,578
Foreign investments		
Non-listed stocks	107,254	124,321
	$ 6,903,679	$ 6,923,315

The Company holds the above foreign and domestic stocks for medium to long-term strategic purposes and expects to profit from long-term investment. Accordingly, the management elected to designate these investments in equity instruments at FVOCI as they believe that recognizing short-term fair value fluctuations of these investments in profit or loss is not consistent with the Company's strategy of holding these investments for long-term purposes.

The Company disposed a portion of its investment in China Airlines, Ltd. at fair value of $567,797 thousand in December 2020. As of December 31, 2020, the settlement of funds/securities amounting to $270,321 thousand had not been completed. The related unrealized gain on investments in equity instruments at fair value through other comprehensive income of $16,686 thousand was transferred from other equity to retained earnings upon the aforementioned disposal.

The Company recognized dividend income of $240,821 thousand and $292,450 thousand for the years ended December 31, 2020 and 2019, respectively, from the investments still held on December 31, 2020 and 2019.

9. TRADE NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2020	2019
Trade notes and accounts receivable	$ 21,671,359	$ 25,778,712
Less: Loss allowance	(2,116,716)	(2,300,651)
	$ 19,554,643	$ 23,478,061

The main credit terms range from 30 to 90 days.

The Company serves a large consumer base for telecommunications business; therefore, the concentration of credit risk is limited. When having transactions with customers, the Company considers the record of arrears in the past. In addition, the Company may also collect some telecommunication charges in advance to reduce the payment arrears in subsequent periods.

The Company adopted a policy of dealing with counterparties with certain credit ratings for project business and to obtain collateral where necessary to mitigate the risk of loss arising from defaults. Credit rating information is provided by independent rating agencies where available and, if such credit rating information is not available, the Company uses other publicly available financial information and its own historical transaction experience to rate its major customers. The Company continues to monitor the credit exposure and credit ratings of its counterparties and spread the credit risk amongst qualified counterparties.

In order to mitigate credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure the recoverability of receivables. In addition, the Company reviews the recoverable amount of receivables at balance sheet dates to ensure that adequate allowance is provided for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk could be reasonably reduced.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for receivables. The expected credit losses on receivables are estimated using a provision matrix by reference to past default experience of the customers and an analysis of the customers' current financial positions, as well as the forward-looking indicators such as macroeconomic business indicator.

When there is evidence indicating that the counterparty is in evasion, bankruptcy, deregistration of its company or the accounts receivable are over two years past due and the recoverable amount cannot be reasonable estimated, the Company writes off the trade notes and accounts receivable. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Company's provision matrix arising from telecommunications business and project business is disclosed below.

December 31, 2020

	Not Past Due	Past Due Less than 30 Days	Pass Due 31 to 60 Days	Pass Due 61 to 90 Days	Pass Due 91 to 120 Days	Pass Due 121 to 180 Days	Pass Due over 180 Days	Total
Telecommunications business								
Expected credit loss rate (Note a)	0%-2%	2%-24%	3%-68%	11%-83%	28%-90%	52%-96%	100%	
Gross carrying amount	$ 15,839,132	$ 203,949	$ 50,897	$ 31,263	$ 29,872	$ 25,351	$ 625,591	$ 16,806,055
Loss allowance (lifetime ECL)	(56,249)	(20,880)	(23,483)	(24,859)	(24,319)	(21,665)	(625,591)	(797,046)
Amortized cost	$ 15,782,883	$ 183,069	$ 27,414	$ 6,404	$ 5,553	$ 3,686	$ -	$ 16,009,009
Project business								
Expected credit loss rate (Note b)	0%-5%	5%	10%	30%	50%	80%	100%	
Gross carrying amount	$ 3,472,738	$ 64,372	$ 26,810	$ 8,963	$ 2,163	$ 2,691	$ 1,287,567	$ 4,865,304
Loss allowance (lifetime ECL)	(20,060)	(3,219)	(2,772)	(2,760)	(1,132)	(2,160)	(1,287,567)	(1,319,670)
Amortized cost	$ 3,452,678	$ 61,153	$ 24,038	$ 6,203	$ 1,031	$ 531	$ -	$ 3,545,634

December 31, 2019

	Not Past Due	Past Due Less than 30 Days	Pass Due 31 to 60 Days	Pass Due 61 to 90 Days	Pass Due 91 to 120 Days	Pass Due 121 to 180 Days	Pass Due over 180 Days	Total
Telecommunications business								
Expected credit loss rate (Note a)	0%- 2%	0%-25%	0%-68%	0%-83%	11%-90%	17%-96%	100%	
Gross carrying amount	$ 19,020,326	$ 267,902	$ 74,775	$ 46,782	$ 40,771	$ 28,021	$ 600,985	$ 20,079,562
Loss allowance (lifetime ECL)	(55,903)	(25,517)	(27,630)	(34,624)	(26,281)	(27,366)	(600,985)	(798,306)
Amortized cost	$ 18,964,423	$ 242,385	$ 47,145	$ 12,158	$ 14,490	$ 655	$ -	$ 19,281,256
Project business								
Expected credit loss rate (Note b)	0%-5%	5%	10%	30%	50%	80%	100%	
Gross carrying amount	$ 4,053,681	$ 78,147	$ 52,227	$ 29,527	$ 12,688	$ 1,040	$ 1,471,840	$ 5,699,150
Loss allowance (lifetime ECL)	(2,637)	(4,892)	(5,223)	(10,577)	(6,344)	(832)	(1,471,840)	(1,502,345)
Amortized cost	$ 4,051,044	$ 73,255	$ 47,004	$ 18,950	$ 6,344	$ 208	$ -	$ 4,196,805

Note a: Please refer to Notes 27 and 39 for the information of disaggregation of telecommunications service revenue. The expected credit loss rate applicable to different business revenue varies so as to reflect the risk level indicating by factors like historical experience.

Note b: The project business has different loss types according to the customer types. The expected credit loss rate listed above is for general customers. When the customer is a government-affiliated entity, it is anticipated that there will not be an instance of credit loss. Customers with past history of bounced checks or accounts receivable exceeding six months overdue are classified as high-risk customers, with an expected credit loss rate of 50%, increasing by period as the days overdue increase.

Movements of loss allowance for trade notes and accounts receivable were as follows:

	Year Ended December 31	
	2020	2019
Beginning balance	$ 2,300,651	$ 2,544,687
Add: Provision for (reversal of) credit loss	49,108	(57,088)
Less: Amounts written off	(233,043)	(186,948)
Ending balance	$ 2,116,716	$ 2,300,651

10. INVENTORIES

	December 31	
	2020	2019
Merchandise	$ 1,696,390	$ 1,722,201
Project in process	5,350,296	10,769,527
	$ 7,046,686	$ 12,491,728

The operating costs related to inventories were $31,946,042 thousand (including the valuation loss on inventories of $1,124,350 thousand) and $25,510,905 thousand (including the valuation loss on inventories of $475,024 thousand) for the years ended December 31, 2020 and 2019, respectively.

11. PREPAYMENTS

	December 31	
	2020	2019
Prepaid rents	$ 1,655,679	$ 1,934,752
Others	1,189,021	883,212
	$ 2,844,700	$ 2,817,964
Current		
Prepaid rents	$ 502,957	$ 553,134
Others	1,189,021	883,212
	$ 1,691,978	$ 1,436,346
Noncurrent		
Prepaid rents	$ 1,152,722	$ 1,381,618

Prepaid rents comprised the prepayments from the lease agreements applying the recognition exemption and the prepayments for leases that do not meet the definition of leases under IFRS 16.

12. OTHER CURRENT MONETARY ASSETS

	December 31	
	2020	2019
Receivable of receipts under custody	$ 684,841	$ 558,657
Time deposits and negotiable certificates of deposit with maturities of more than three months	11,803	1,600,000
Others	584,749	707,402
	$ 1,281,393	$ 2,866,059

The annual yield rates of time deposits and negotiable certificates of deposit with maturities of more than three months at the balance sheet dates were as follows:

	December 31	
	2020	2019
Time deposits and negotiable certificates of deposit with maturities of more than three months	0.37%-1.07%	0.63%

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2020	2019
Investments in subsidiaries	$ 14,958,164	$ 14,460,961
Investments in associates	5,369,848	5,859,161
Investments in joint venture	10,200	-
	$ 20,338,212	$ 20,320,122

a. Investments in subsidiaries

Investments in subsidiaries were as follows:

	Carrying Amount December 31	
	2020	2019
Listed		
Senao International Co., Ltd. (“SENAO”)	$ 294,281	$ 456,545
CHIEF Telecom Inc. (“CHIEF”)	1,785,968	1,729,189
Non-listed		
Light Era Development Co., Ltd. (“LED”)	3,853,234	3,850,095
Chunghwa Investment Co., Ltd. (“CHI”)	3,017,569	3,130,389
Donghwa Telecom Co., Ltd. (“DHT”)	1,486,252	1,627,491
Chunghwa Telecom Singapore Pte., Ltd. (“CHTS”)	1,013,529	935,228
Chunghwa System Integration Co., Ltd. (“CHSI”)	725,213	717,883
International Integrated Systems, Inc. (“IISI”)	593,049	-
Honghwa International Co., Ltd. (“HHI”)	487,904	411,291

(Continued)

	Carrying Amount December 31	
	2020	2019
Chunghwa Telecom Global, Inc. (“CHTG”)	$ 402,623	$ 347,380
CHT Security Co., Ltd. (“CHTSC”)	329,943	306,851
CHYP Multimedia Marketing & Communications Co., Ltd. (“CHYP”)	194,399	190,972
Prime Asia Investments Group Ltd. (B.V.I.) (“Prime Asia”)	163,121	182,989
Spring House Entertainment Tech. Inc. (“SHE”)	126,947	110,357
Chunghwa Leading Photonics Tech. Co., Ltd. (“CLPT”)	123,967	111,680
Chunghwa Telecom (Thailand) Co., Ltd. (“CHTT”)	110,163	114,231
Chunghwa Telecom Vietnam Co., Ltd. (“CHTV”)	90,887	98,221
Chunghwa Telecom Japan Co., Ltd. (“CHTJ”)	90,099	76,567
Smartfun Digital Co., Ltd. (“SFD”)	74,055	73,688
Chunghwa Sochamp Technology Inc. (“CHST”)	(5,039)	(10,086)
	$ 14,958,164	$ 14,460,961

(Concluded)

The percentages of ownership and voting rights in subsidiaries held by the Company as of balance sheet dates were as follows:

	% of Ownership and Voting Right December 31	
	2020	2019
Senao International Co., Ltd. (“SENAO”)	28	28
CHIEF Telecom Inc. (“CHIEF”)	56	57
Light Era Development Co., Ltd. (“LED”)	100	100
Chunghwa Investment Co., Ltd. (“CHI”)	89	89
Donghwa Telecom Co., Ltd. (“DHT”)	100	100
Chunghwa Telecom Singapore Pte., Ltd. (“CHTS”)	100	100
Chunghwa System Integration Co., Ltd. (“CHSI”)	100	100
International Integrated Systems, Inc. (“IISI”)	51	-
Honghwa International Co., Ltd. (“HHI”)	100	100
Chunghwa Telecom Global, Inc. (“CHTG”)	100	100
CHT Security Co., Ltd. (“CHTSC”)	80	80
CHYP Multimedia Marketing & Communications Co., Ltd. (“CHYP”)	100	100
Prime Asia Investments Group Ltd. (B.V.I.) (“Prime Asia”)	100	100
Spring House Entertainment Tech. Inc. (“SHE”)	56	56
Chunghwa Leading Photonics Tech. Co., Ltd. (“CLPT”)	75	75
Chunghwa Telecom (Thailand) Co., Ltd. (“CHTT”)	100	100
Chunghwa Telecom Vietnam Co., Ltd. (“CHTV”)	100	100
Chunghwa Telecom Japan Co., Ltd. (“CHTJ”)	100	100
Smartfun Digital Co., Ltd. (“SFD”)	65	65
Chunghwa Sochamp Technology Inc. (“CHST”)	51	51

The Company continues to control six out of eleven seats of the Board of Directors of SENAO through the support of large beneficial stockholders. As a result, the Company treated SENAO as a subsidiary.

CHIEF issued new shares in March 2019, November 2019, March 2020 and December 2020 as its employees exercised options. Therefore, the Company’s ownership interest in CHIEF decreased to 56.76% and 56.13% as of December 31, 2019 and 2020, respectively.

SHE reduced 19.72% of its capital to offset accumulated deficits in December 2019 and the Company’s ownership interest in SHE remained the same.

The Company increased its investment in CHTT proportionally in October 2019 and the Company’s ownership interest in CHTT remained the same.

In order to develop and cultivate the enterprise customer market, the Company obtained 20.38% ownership interest in IISI in July 2020. The Company’s ownership interest in IISI increased to 51.54% by considering the previously held ownership interest in IISI. The Company obtained over half of the seats of the Board of Directors of IISI; therefore, the Company gained control over IISI and treated it as a subsidiary. IISI issued new shares in September 2020 as its employees exercised options; therefore, the Company’s ownership interest in IISI decreased to 51.20% as of December 31, 2020.

For the details of the subsidiaries indirectly held by the Company, please refer to Note 38.

The Company’s share of profit (loss) and other comprehensive income (loss) of the subsidiaries was recognized based on the audited financial statements.

b. Investments in associates

Investments in associates were as follows:

	Carrying Amount December 31	
	2020	2019
Material associate		
Next Commercial Bank Co., Ltd. (“NCB”) (Note)	$ 3,776,876	$ 4,074,168
Associates that are not individually material		
Listed		
KingwayTek Technology Co., Ltd. (“KWT”)	249,044	253,021
Non-listed		
Viettel-CHT Co., Ltd. (“Viettel-CHT”)	363,522	316,535
Taiwan International Standard Electronics Co., Ltd. (“TISE”)	330,031	272,166
So-net Entertainment Taiwan Limited (“So-net”)	226,647	189,396
Chunghwa PChome Fund I Co., Ltd. (“CPFI”)	192,856	194,081
KKBOX Taiwan Co., Ltd. (“KKBOXTW”)	163,809	150,789
Taiwan International Ports Logistics Corporation (“TIPL”)	55,925	50,979
Cornerstone Ventures Co., Ltd. (“CVC”)	6,058	5,507
Alliance Digital Tech Co., Ltd. (“ADT”)	5,080	5,080
International Integrated System, Inc. (“IISI”)	-	340,240
UUPON Inc. (“UUPON”)	-	7,199
	1,592,972	1,784,993
	$ 5,369,848	$ 5,859,161

The percentages of ownership interests and voting rights in associates held by the Company as of balance sheet dates were as follows:

	% of Ownership Interests and Voting Rights	
	December 31	
	2020	2019
Material associate		
Next Commercial Bank Co., Ltd. ("NCB") (Note)	42	42
Associates that are not individually material		
Listed		
KingwayTek Technology Co., Ltd. ("KWT")	23	23
Non-listed		
Viettel-CHT Co., Ltd. ("Viettel-CHT")	30	30
Taiwan International Standard Electronics Co., Ltd. ("TISE")	40	40
So-net Entertainment Taiwan Limited ("So-net")	30	30
Chunghwa PChome Fund I Co., Ltd. ("CPFI")	50	50
KKBOX Taiwan Co., Ltd. ("KKBOXTW")	30	30
Taiwan International Ports Logistics Corporation ("TIPL")	27	27
Cornerstone Ventures Co., Ltd. ("CVC")	49	49
Alliance Digital Tech Co., Ltd. ("ADT")	14	14
International Integrated System, Inc. ("IISI")	-	31
UUPON Inc. ("UUPON")	-	15

Note: NCB was a preparatory office on December 31, 2019.

Summarized financial information of NCB was set out below:

	December 31	
	2020	2019
Assets	$ 9,906,945	$ 10,451,925
Liabilities	(788,813)	(728,374)
Equity	$ 9,118,132	$ 9,723,551
The percentage of ownership interest held by the Company	41.90%	41.90%
Equity attributable to the Company	$ 3,820,497	$ 4,074,168
Unrealized gain or loss from downstream transactions	(43,621)	-
The carrying amount of investment	$ 3,776,876	$ 4,074,168

	Year Ended December 31, 2020	Period from the Beginning of Preparation to December 31, 2019
Revenues	$ -	$ -
Net loss for the period	$ (605,419)	$ (276,449)
Other comprehensive income	-	-
Total comprehensive loss for the period	$ (605,419)	$ (276,449)

Except for NCB, no associate is considered individually material to the Company. Summarized financial information of associates that are not individually material to the Company was as follows:

	Year Ended December 31	
	2020	2019
The Company's share of profits	$ 309,305	$ 320,726
The Company's share of other comprehensive loss	(5,524)	(1,201)
The Company's share of total comprehensive income	$ 303,781	$ 319,525

The Level 1 fair values of associate based on the closing market prices as of the balance sheet date was as follows:

	December 31	
	2020	2019
KWT	$ 675,911	$ 872,729

The participation of establishing NCB was approved by the Company's Board of Directors in January 2019. The establishment of NCB was approved by the FSC in July 2019 and the incorporation of NCB was approved by the Ministry of Economic Affairs Department of Commerce in January 2020. The Company prepaid investment funds to NCB in February and November 2019 amounting to $4,190,000 thousand, for ownership interest of 41.90%. Although the Company is the single largest stockholder of NCB, it only obtained six out of fifteen seats of the Board of Directors of NCB. In addition, the management considered the size of ownership interest and the dispersion of shares owned by the other stockholders, other holdings are not extremely dispersed. The Company is not able to direct its relevant activities. Therefore, the Company does not have control over NCB and merely has significant influence over NCB and treats it as an associate. NCB mainly engages in online banking business in Taiwan.

The Company disposed some shares of KWT in April 2019 before KWT traded its shares on the General Stock Market of the Taipei Exchange according to the local requirements and recognized gain on disposal of $30,152 thousand. In addition, the Company did not participate in the capital increase of KWT in May 2019 and KWT repurchased its stock from December 2019 to February 2020. Therefore, the Company's ownership interest in KWT changed to 22.52% and 22.72% as of December 31, 2019 and 2020, respectively.

IISI issued new shares in March, September 2019 and April 2020, as its employees exercised options; therefore, the Company's ownership interest in IISI decreased to 31.47% and 31.16% as of December 31, 2019 and June 30, 2020, respectively. The additional investment of 20.58% ownership interest in IISI was approved by Chunghwa's Board of Directors in January 2020 and the equity transaction was completed in July 2020. As the business combination was achieved in stages, the Company remeasured the previously held equity interest of IISI and recognized gain on disposal of $1,412 thousand on July 1, 2020 ("acquisition date"). The Company treated IISI as a subsidiary rather than an associate starting from the acquisition date. For the related disclosures for the acquisition transaction, please refer to Note 13(c) of the Company's consolidated financial statements for the year ended December 31, 2020.

UUPON reduced 95.44% of its capital to offset accumulated deficits in September 2020 and the Company did not participate in the capital increase of UUPON in October 2020. Therefore, the Company's ownership interest in UUPON decreased to 3.71% and lost its significant influence over UUPON. Hence, the Company discontinued to treat UUPON as an associate. Instead, the Company treated it as a financial asset at fair value through other comprehensive income and recognized gain on disposal of $11,986 thousand.

The aforementioned gains on disposal were included under "other gains and losses" in the statements of comprehensive income.

The Company invested and obtained 50% equity shares of CPFI. However, as the Company has only two out of five seats of the Board of Directors of CPFI and has no control but significant influence over CPFI, the Company recognized CPFI as an investment in associate.

The Company invested and obtained 49% equity shares of CVC. However, as the Company has only two out of five seats of the Board of Directors of CVC and has no control but significant influence over CVC. Therefore, the Company recognized CVC as an investment in associate.

The Company owns 14% equity shares of ADT. As the Company remains its seat in the Board of Directors of ADT and considers the relative size of ownership interest and the dispersion of shares owned by the other stockholders, the Company has significant influence over ADT. In June 2018, the stockholders of ADT approved to dissolve. The liquidation of ADT is still in process.

The Company's share of profits and other comprehensive income (loss) of associates was recognized based on the audited financial statements.

c. Investment in joint venture

Investment in joint venture was as follows:

	Carrying Amount		% of Ownership Interests and Voting Rights	
	December 31		December 31	
Name of Joint Venture	**2020**	**2019**	**2020**	**2019**
Non-listed				
Chunghwa SEA Holdings("CHT SEA")	$ 10,200	$ -	51	-

The Company invested $10,200 thousand to establish a joint venture, CHT SEA, with Delta Electronics, Inc. and Kwang Hsing Industrial Co., Ltd. in December 2020 and obtained 51% equity shares of CHT SEA. However, according to the mutual agreements among stockholders, the Company does not individually direct CHT SEA's relevant activities and has joint control with the other party; therefore, the Company treated CHT SEA as a joint venture.

14. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2020	**2019**
Assets used by the Company	$ 265,270,760	$ 267,191,318
Assets subject to operating leases	7,352,404	7,553,554
	$ 272,623,164	$ 274,744,872

a. Assets used by the Company

	Land	Land Improvements	Buildings	Computer Equipment	Telecommunications Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress and Equipment to be Accepted	Total
Cost									
Balance on January 1, 2019	$ 97,480,516	$ 1,599,634	$ 67,334,983	$ 13,775,663	$ 708,097,585	$ 3,877,366	$ 7,824,354	$ 17,945,874	$ 917,935,975
Additions	-	-	-	-	18,306	-	-	21,291,955	21,310,261
Disposal	(37,951)	(6,630)	(3,101)	(1,793,567)	(30,402,877)	(50,467)	(341,906)	-	(32,636,499)
Others	(1,163,117)	25,477	(1,013,649)	615,900	24,505,869	79,313	411,603	(25,782,590)	(2,321,194)
Balance on December 31, 2019	$ 96,279,448	$ 1,618,481	$ 66,318,233	$ 12,597,996	$ 702,218,883	$ 3,906,212	$ 7,894,051	$ 13,455,239	$ 904,288,543
Accumulated depreciation and impairment									
Balance on January 1, 2019	$ -	$ (1,337,192)	$ (26,291,676)	$ (11,783,362)	$(594,695,565)	$ (3,647,334)	$ (6,116,322)	$ -	$(643,871,451)
Depreciation expenses	-	(43,481)	(1,209,310)	(779,719)	(23,654,699)	(90,496)	(428,874)	-	(26,206,579)
Disposal	-	6,630	3,101	1,788,404	30,367,337	50,441	340,366	-	32,556,279
Others	-	(559)	440,300	(6,214)	16,527	(2,902)	(22,626)	-	424,526
Balance on December 31, 2019	$ -	$ (1,374,602)	$ (27,057,585)	$ (10,780,891)	$(587,966,400)	$ (3,690,291)	$ (6,227,456)	$ -	$(637,097,225)
Balance on January 1, 2019, net	$ 97,480,516	$ 262,442	$ 41,043,307	$ 1,992,301	$ 113,402,020	$ 230,032	$ 1,708,032	$ 17,945,874	$ 274,064,524
Balance on December 31, 2019, net	$ 96,279,448	$ 243,879	$ 39,260,648	$ 1,817,105	$ 114,252,483	$ 215,921	$ 1,666,595	$ 13,455,239	$ 267,191,318
Cost									
Balance on January 1, 2020	$ 96,279,448	$ 1,618,481	$ 66,318,233	$ 12,597,996	$ 702,218,883	$ 3,906,212	$ 7,894,051	$ 13,455,239	$ 904,288,543
Additions	66,712	-	-	-	25,301	-	-	24,532,717	24,624,730
Disposal	(270,268)	(19,306)	(48,748)	(1,234,262)	(20,590,420)	(45,084)	(350,182)	-	(22,558,270)
Others	3,091,950	31,187	537,345	526,383	25,359,976	26,011	342,263	(29,816,584)	98,531
Balance on December 31, 2020	$ 99,167,842	$ 1,630,362	$ 66,806,830	$ 11,890,117	$ 707,013,740	$ 3,887,139	$ 7,886,132	$ 8,171,372	$ 906,453,534
Accumulated depreciation and impairment									
Balance on January 1, 2020	$ -	$ (1,374,602)	$ (27,057,585)	$ (10,780,891)	$(587,966,400)	$ (3,690,291)	$ (6,227,456)	$ -	$(637,097,225)
Depreciation expenses	-	(43,828)	(1,188,974)	(710,903)	(23,792,693)	(67,502)	(406,376)	-	(26,210,276)
Disposal	-	19,213	48,748	1,233,241	20,571,501	44,769	343,637	-	22,261,109
Others	-	13	(140,791)	(242)	23,588	(938)	(18,012)	-	(136,382)
Balance on December 31, 2020	$ -	$ (1,399,204)	$ (28,338,602)	$ (10,258,795)	$(591,164,004)	$ (3,713,962)	$ (6,308,207)	$ -	$(641,182,774)
Balance on January 1, 2020, net	$ 96,279,448	$ 243,879	$ 39,260,648	$ 1,817,105	$ 114,252,483	$ 215,921	$ 1,666,595	$ 13,455,239	$ 267,191,318
Balance on December 31, 2020, net	$ 99,167,842	$ 231,158	$ 38,468,228	$ 1,631,322	$ 115,849,736	$ 173,177	$ 1,577,925	$ 8,171,372	$ 265,270,760

There was no indication that property, plant and equipment was impaired; therefore, the Company did not recognize any impairment loss for the years ended December 31, 2020 and 2019.

The Company signed a joint development agreement with the MOTC previously which stated that the MOTC would provide the national land and the Company would be in charge of the planning and construction for the MOTC's office building, the Company's Renai office building, etc. According to the agreement, the MOTC and the Company would each own a certain percentage of the buildings, and the Company is to pay or get the reimbursement for the difference between the assessed value of the land and the construction cost paid by the Company on behalf of the MOTC. The difference amounting to $1,056,680 thousand due to the MOTC was reported to the Company's Board of Directors in May 2020 and the Company will complete the property registration of the respective asset once the payment is made. Please refer to Table 4 for the details.

The Company participated in the government-led urban renewal project in Xingzheng Section, Xindian District, New Taipei City. The Company provided land as a building lot while Kindom Development Corp., chosen through public selection by the New Taipei City Government, acted as the urban renewal developer. The property registration was completed in 2020. With respect to the Company's trade-in share of land and buildings, only the trade-in buildings had commercial substance. Therefore, the gain on the asset exchange transaction of $1,267,980 thousand (included in" gains and losses on disposal of property, plant and equipment") was recognized at the difference

between the carrying amount of the trade-out land of $37,087 thousand and the fair value of trade-in buildings of $1,305,067 thousand (included in "investment properties"). The aforementioned gain on disposal was included under "other income and expenses" in the statement of comprehensive income.

Depreciation expense for assets used by the Company is computed using the straight-line method over the following estimated service lives:

Land improvements	10-30 years
Buildings	
Main buildings	35-60 years
Other building facilities	4-10 years
Computer equipment	4-6 years
Telecommunications equipment	
Telecommunication circuits	10-15 years
Telecommunication machinery and antennas equipment	3-10 years
Transportation equipment	3-7 years
Miscellaneous equipment	
Leasehold improvements	2-6 years
Mechanical and air conditioner equipment	5-16 years
Others	3-15 years

b. Assets subject to operating leases

	Land	Land Improvements	Buildings	Total
Cost				
Balance on January 1, 2019	$ 3,496,689	$ 689	$ 3,190,018	$ 6,687,396
Others	1,310,917	(689)	1,141,811	2,452,039
Balance on December 31, 2019	$ 4,807,606	$ -	$ 4,331,829	$ 9,139,435
Accumulated depreciation and impairment				
Balance on January 1, 2019	$ -	$ (512)	$ (1,096,932)	$ (1,097,444)
Depreciation expenses	-	(47)	(73,882)	(73,929)
Others	-	559	(415,067)	(414,508)
Balance on December 31, 2019	$ -	$ -	$ (1,585,881)	$ (1,585,881)
Balance on January 1, 2019, net	$ 3,496,689	$ 177	$ 2,093,086	$ 5,589,952
Balance on December 31, 2019, net	$ 4,807,606	$ -	$ 2,745,948	$ 7,553,554

(Continued)

	Land	Land Improvements	Buildings	Total
Cost				
Balance on January 1, 2020	$ 4,807,606	$ -	$ 4,331,829	$ 9,139,435
Others	(6,730)	-	(248,203)	(254,933)
Balance on December 31, 2020	$ 4,800,876	$ -	$ 4,083,626	$ 8,884,502
Accumulated depreciation and impairment				
Balance on January 1, 2020	$ -	$ -	$ (1,585,881)	$ (1,585,881)
Depreciation expenses	-	-	(97,786)	(97,786)
Others	-	-	151,569	151,569
Balance on December 31, 2020	$ -	$ -	$ (1,532,098)	$ (1,532,098)
Balance on January 1, 2020, net	$ 4,807,606	$ -	$ 2,745,948	$ 7,553,554
Balance on December 31, 2020, net	$ 4,800,876	$ -	$ 2,551,528	$ 7,352,404

(Concluded)

The Company leases out land and buildings with lease terms between 1 to 20 years. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The future aggregate lease collection under operating lease for the freehold plant, property and equipment was as follows:

	December 31	
	2020	2019
Year 1	$ 371,331	$ 346,425
Year 2	254,953	257,181
Year 3	192,741	194,524
Year 4	152,532	147,722
Year 5	125,366	116,375
Onwards	1,179,493	1,224,416
	$ 2,276,416	$ 2,286,643

The above items of property, plant and equipment subject to operating leases are depreciated on a straight-line basis over their estimated useful lives as follows:

Land improvements	10-30 years
Buildings	
Main buildings	35-60 years
Other building facilities	4-10 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Land and buildings		
Handsets base stations	$ 7,098,815	$ 6,848,041
Others	738,850	857,552
Equipment	2,190,562	2,586,432
	$ 10,028,227	$ 10,292,025

	Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 3,468,664	$ 3,324,178
Depreciation charge for right-of-use assets		
Land and buildings		
Handsets base stations	$ 2,730,579	$ 2,728,814
Others	388,528	414,295
Equipment	403,138	404,045
	$ 3,522,245	$ 3,547,154

The Company did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2020 and 2019.

b. Lease liabilities

	December 31	
	2020	2019
Lease liabilities		
Current	$ 2,938,305	$ 2,939,410
Noncurrent	5,682,342	5,755,804
	$ 8,620,647	$ 8,695,214

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2020	2019
Land and buildings		
Handsets base stations	0.46%-1.18%	0.58%-1.18%
Others	0.46%-1.12%	0.58%-1.12%
Equipment	0.46%-0.82%	0.58%-0.82%

c. Important lease-in activities and terms

The Company mainly enters into lease-in agreements of land and buildings for handsets base stations located throughout Taiwan with lease terms ranging from 1 to 20 years. The lease agreements do not contain bargain purchase options to acquire the assets at the expiration of the respective leases. For majority of the lease-in agreements on handsets base station, the Company has the right to terminate the agreement prior to the expiration date if the Company is unable to build the required telecommunication equipment, either due to legal restrictions, controversial events, or other events.

The Company also leases land and buildings for the use of offices, server rooms, and stores with lease terms from 1 to 30 years. Most of the lease agreements for national land adjust the lease payment according to the changes of the announced land values by the authority. At the expiry of the lease term, the Company does not have bargain purchase options to acquire the assets.

The lease agreements for equipment include a contract between the Company and ST-2 Satellite Ventures Pte., Ltd. on March 12, 2010 to lease capacity on the ST-2 satellite. For the information of lease agreements with related parties, please refer to Note 34 to the financial statements for details.

d. Other lease information

	Year Ended December 31	
	2020	2019
Expenses relating to low-value asset leases	$ 1,130	$ 908
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 18,508	$ 15,348
Total cash outflow for leases	$ 3,366,977	$ 3,382,739

The Company leases certain equipment which qualify as low-value asset leases. The Company has elected to apply the recognition exemption and, thus, not to recognize right-of-use assets and lease liabilities for these leases.

Lease-out arrangements under operating leases for freehold property, plant, and equipment and investment properties were set out in Notes 14 and 16 to the financial statements.

16. INVESTMENT PROPERTIES

	Investment Properties
Cost	
Balance on January 1, 2019	$ 9,317,677
Additions	523
Disposal	(5,831)
Reclassification	(173,165)
Balance on December 31, 2019	$ 9,139,204

(Continued)

	Investment Properties
Accumulated depreciation and impairment	
Balance on January 1, 2019	$ (1,105,240)
Depreciation expense	(25,157)
Disposal	5,831
Reclassification	23,363
Reversal of impairment loss	56,617
Balance on December 31, 2019	$ (1,044,586)
Balance on January 1, 2019, net	$ 8,212,437
Balance on December 31, 2019, net	$ 8,094,618
Cost	
Balance on January 1, 2020	$ 9,139,204
Additions (Note 14)	1,359,502
Disposal	(36,943)
Reclassification	125,912
Balance on December 31, 2020	$ 10,587,675
Accumulated depreciation and impairment	
Balance on January 1, 2020	$ (1,044,586)
Depreciation expense	(22,332)
Reclassification	(1,276)
Reversal of impairment loss	27,066
Balance on December 31, 2020	$ (1,041,128)
Balance on January 1, 2020, net	$ 8,094,618
Balance on December 31, 2020, net	$ 9,546,547

(Concluded)

After the evaluation of land and buildings, the Company concluded the recoverable amount which represented the fair value less costs to sell of some land and buildings was higher than the carrying amount. Therefore, the Company recognized reversal of impairment losses of $27,066 thousand and $56,617 thousand for the years ended December 31, 2020 and 2019, respectively, and the amounts were recognized only to the extent of impairment losses that had been recognized in prior years. The reversal of impairment loss was included in other income and expenses in the statements of comprehensive income.

Depreciation expense is computed using the straight-line method over the following estimated service lives:

Land improvements	10-30 years
Buildings	
Main buildings	35-60 years
Other building facilities	4-10 years

The fair values of the Company's investment properties as of December 31, 2020 and 2019 were determined by Level 3 fair value measurements inputs based on the appraisal reports conducted by independent appraisers. Those appraisal reports are based on the comparison approach, income approach or cost approach. Key assumptions and the fair values were as follows:

	December 31	
	2020	2019
Fair value	$ 22,411,314	$ 18,469,212
Overall capital interest rate	0.93%-3.03%	1.03%-4.04%
Profit margin ratio	12%-20%	12%-20%
Discount rate	-	-
Capitalization rate	0.73%-2.20%	0.79%-1.74%

All of the Company's investment properties are held under freehold interest.

The future aggregate lease collection under operating lease for investment properties is as follows:

	December 31	
	2020	2019
Year 1	$ 115,305	$ 112,884
Year 2	95,223	90,701
Year 3	75,285	70,794
Year 4	52,544	61,115
Year 5	37,588	39,386
Onwards	57,773	96,010
	$ 433,718	$ 470,890

17. INTANGIBLE ASSETS

	Mobile Broadband Concession	Computer Software	Others	Total
Cost				
Balance on January 1, 2019	$ 70,144,000	$ 3,024,206	$ 17,910	$ 73,186,116
Additions - acquired separately	-	281,691	2,101	283,792
Disposal	(10,179,000)	(250,865)	-	(10,429,865)
Balance on December 31, 2019	$ 59,965,000	$ 3,055,032	$ 20,011	$ 63,040,043
Accumulated amortization and impairment				
Balance on January 1, 2019	$ (20,632,474)	$ (2,143,446)	$ (5,901)	$ (22,781,821)
Amortization expenses	(3,839,572)	(326,157)	(2,901)	(4,168,630)
Disposal	10,179,000	250,865	-	10,429,865
Balance on December 31, 2019	$ (14,293,046)	$ (2,218,738)	$ (8,802)	$ (16,520,586)

(Continued)

	Mobile Broadband Concession	Computer Software	Others	Total
Balance on January 1, 2019, net	$ 49,511,526	$ 880,760	$ 12,009	$ 50,404,295
Balance on December 31, 2019, net	$ 45,671,954	$ 836,294	$ 11,209	$ 46,519,457
Cost				
Balance on January 1, 2020	$ 59,965,000	$ 3,055,032	$ 20,011	$ 63,040,043
Additions - acquired separately	48,373,000	165,024	1,575	48,539,599
Disposal	-	(333,110)	(9)	(333,119)
Balance on December 31, 2020	$ 108,338,000	$ 2,886,946	$ 21,577	$ 111,246,523
Accumulated amortization and impairment				
Balance on January 1, 2020	$ (14,293,046)	$ (2,218,738)	$ (8,802)	$ (16,520,586)
Amortization expenses	(5,025,796)	(306,904)	(2,950)	(5,335,650)
Disposal	-	333,110	9	333,119
Balance on December 31, 2020	$ (19,318,842)	$ (2,192,532)	$ (11,743)	$ (21,523,117)
Balance on January 1, 2020, net	$ 45,671,954	$ 836,294	$ 11,209	$ 46,519,457
Balance on December 31, 2020, net	$ 89,019,158	$ 694,414	$ 9,834	$ 89,723,406

(Concluded)

For long-term business development, the Company participated in the 5G mobile broadband license bidding hosted by the NCC and paid the deposit for 5G spectrum bidding amounting to $1,000,000 thousand (included in other assets) in October 2019. The Company paid $48,373,000 thousand, including the aforementioned deposit, in February 2020 for the aforementioned license to obtain 90MHz in the 3.5GHz spectrum and 600MHz in the 28GHz spectrum.

The concessions are granted and issued by the NCC. The concession fees are amortized using the straight-line method over the period from the date operations commence through the date the license expires or the useful life, whichever is shorter. The 4G concession fees will be fully amortized by December 2030 and December 2033 and 5G concession fees will be fully amortized by December 2040.

The computer software is amortized using the straight-line method over the estimated useful lives of 1 to 10 years. Other intangible assets are amortized using the straight-line method over the estimated useful lives of 1 to 11 years.

18. OTHER ASSETS

	December 31	
	2020	2019
Spare parts	$ 2,158,511	$ 2,337,589
Refundable deposits	1,539,594	1,561,372
Other financial assets	1,000,000	1,000,000
Deposit for mobile broadband license bidding (Note 17)	-	1,000,000
Others	1,906,485	2,143,070
	$ 6,604,590	$ 8,042,031
Current		
Spare parts	$ 2,158,511	$ 2,337,589
Others	24,960	16,626
	$ 2,183,471	$ 2,354,215
Noncurrent		
Refundable deposits	$ 1,539,594	$ 1,561,372
Other financial assets	1,000,000	1,000,000
Deposit for mobile broadband license bidding	-	1,000,000
Others	1,881,525	2,126,444
	$ 4,421,119	$ 5,687,816

Other financial assets - noncurrent was Piping Fund. As part of the government's effort to upgrade the existing telecommunications infrastructure, the Company and other public utility companies were required by the ROC government to contribute to a Piping Fund administered by the Taipei City Government. This fund was used to finance various telecommunications infrastructure projects. Net assets of this fund will be returned proportionately after the project is completed.

The Company evaluated that certain other assets will not be used in the future and there was no active market for sale; therefore, the Company determined that the recoverable amount of such assets was nil and recognized impairment losses of $43,971 thousand for the year ended December 31, 2019. The aforementioned impairment loss was included in other income and expenses in the statements of comprehensive income.

19. HEDGING FINANCIAL INSTRUMENTS

The Company's hedge strategy is to enter into forward exchange contracts - buy to avoid its foreign currency exposure to certain foreign currency denominated equipment payments in the following six months. In addition, the Company's management considers the market condition to determine the hedge ratio and enters into forward exchange contracts with the banks to avoid the foreign currency risk.

The Company signed equipment purchase contracts with suppliers and entered into forward exchange contracts to avoid foreign currency risk exposure to Euro-denominated purchase commitments. Those forward exchange contracts were designated as cash flow hedges. When forecast purchases actually take place, basis adjustments are made to the initial carrying amounts of hedged items.

For the hedges of highly probable forecast sales and purchases, as the critical terms (i.e. the notional amount, life and underlying) of the forward foreign exchange contracts and their corresponding hedged items are the same, the Company performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates.

The main source of hedge ineffectiveness in these hedging relationships is the effect of credit risks of the Company and the counterparty on the fair value of the forward exchange contracts. Such credit risks do not impact the fair value of the hedged item attributable to changes in foreign exchange rates. No other sources of ineffectiveness emerged from these hedging relationships.

The following tables summarized the information relating to the hedges for foreign currency risk.

December 31, 2020

Hedging Instruments	Currency	Notional Amount (In Thousands)	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount		Change in Fair Values of Hedging Instruments Used for Calculating Hedge Ineffectiveness
						Asset	Liability	
Cash flow hedge								
Forecast purchases - forward exchange contracts	NT$/EUR	NT$200,867/ EUR5,831	2021.03	$ 34.45	Hedging financial assets (liabilities)	$1,752	$ -	$ 1,425

Hedged Items	Change in Value of Hedged Item Used for Calculating Hedge Ineffectiveness	Accumulated Gain or Loss on Hedging Instruments in Other Equity	
		Continuing Hedges	Hedge Accounting No Longer Applied
Cash flow hedge			
Forecast equipment purchases	$ (1,425)	$ 1,752	$ -

December 31, 2019

Hedging Instruments	Currency	Notional Amount (In Thousands)	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount		Change in Fair Values of Hedging Instruments Used for Calculating Hedge Ineffectiveness
						Asset	Liability	
Cash flow hedge								
Forecast purchases - forward exchange contracts	NT$/EUR	NT$ 84,066/ EUR 2,498	2020.03	$ 33.66	Hedging financial assets (liabilities)	$ 327	$ -	$ (742)

Hedged Items	Change in Value of Hedged Item Used for Calculating Hedge Ineffectiveness	Accumulated Gain or Loss on Hedging Instruments in Other Equity	
		Continuing Hedges	Hedge Accounting No Longer Applied
Cash flow hedge			
Forecast equipment purchases	$ 742	$ 327	$ -

Year ended December 31, 2020

Hedge Transaction	Comprehensive Income				
	Hedging Gain or Loss Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Which Hedge Ineffectiveness is Included	Reclassification from Equity to Profit or Loss and the Adjusted Line Item	
				Amount Reclassified to P/L and the Adjusted Line Item	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge					
Forecast equipment purchases	$ 1,425	$ -	-	$ 20,564 Construction in progress and equipment to be accepted	$ - Other gains and losses

Year ended December 31, 2019

Hedge Transaction	Comprehensive Income				
	Hedging Gain or Loss Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Which Hedge Ineffectiveness is Included	Reclassification from Equity to Profit or Loss and the Adjusted Line Item	
				Amount Reclassified to P/L and the Adjusted Line Item	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge					
Forecast equipment purchases	$ (742)	$ -	-	$ (2,026) Construction in progress and equipment to be accepted	$ - Other gains and losses

20. SHORT-TERM BILLS PAYABLE

	December 31	
	2020	2019
Commercial paper payable	$ 7,000,000	$ -
Less: Discounts on commercial paper payable	(802)	-
	$ 6,999,198	$ -

The annual interest rates of commercial paper payable were as follows:

	December 31	
	2020	2019
Commercial paper payable	0.34%-0.36%	-

21. BONDS PAYABLE

	December 31	
	2020	2019
Unsecured domestic bonds	$20,000,000	$ -
Less: Discounts on bonds payable	(19,728)	-
	$19,980,272	$ -

The major terms of unsecured domestic bonds issued by Chunghwa were as follows:

Issuance	Tranche	Issuance Period	Total Amount	Coupon Rate	Repayment and Interest Payment
2020-1	A	July 2020 to July 2025	$ 8,800,000	0.50%	One-time repayment upon maturity; interest payable annually
	B	July 2020 to July 2027	7,500,000	0.54%	The same as above
	C	July 2020 to July 2030	3,700,000	0.59%	The same as above

22. TRADE NOTES AND ACCOUNTS PAYABLE

	December 31	
	2020	2019
Trade notes and accounts payable	$ 12,226,935	$ 12,052,523

Trade notes and accounts payable were attributable to operating activities and the trading conditions were agreed separately.

23. OTHER PAYABLES

	December 31	
	2020	2019
Accrued salary and compensation	$ 7,811,452	$ 8,084,105
Payables to contractors	1,667,666	1,602,855
Accrued compensation to employees and remuneration to directors	1,238,251	1,161,404
Amounts collected for others	1,222,144	1,139,049
Payable on land (Note 14)	1,056,680	-
Accrued maintenance costs	1,024,468	953,441
Payables to equipment suppliers	992,114	220,650
Accrued franchise fees	782,597	1,088,333
Others	4,250,713	5,020,746
	$ 20,046,085	$ 19,270,583

24. PROVISIONS

	December 31	
	2020	2019
Onerous contracts	$ 169,986	$ 66,907
Warranties	83,589	74,235
Employee benefits	57,210	59,745
Others	4,097	4,397
	$ 314,882	$ 205,284
Current	$ 214,266	$ 107,902
Noncurrent	100,616	97,382
	$ 314,882	$ 205,284

	Onerous Contracts	Warranties	Employee Benefits	Others	Total
Balance on January 1, 2019	$ 19,323	$ 54,308	$ 51,393	$ 4,447	$ 129,471
Additional provisions recognized	47,584	40,503	9,194	-	97,281
Used / forfeited during the year	-	(20,576)	(842)	(50)	(21,468)
Balance on December 31, 2019	$ 66,907	$ 74,235	$ 59,745	$ 4,397	$ 205,284
Balance on January 1, 2020	$ 66,907	$ 74,235	$ 59,745	$ 4,397	$ 205,284
Additional / (reversal of) provisions recognized	106,801	31,301	(1,841)	(200)	136,061
Used / forfeited during the year	(3,722)	(21,947)	(694)	(100)	(26,463)
Balance on December 31, 2020	$ 169,986	$ 83,589	$ 57,210	$ 4,097	$ 314,882

a. The provision for warranty claims represents the present value of the management's best estimate of the future outflow of economic benefits that will be required under the Company's obligation for warranties in sales agreements. The estimate has been made based on the historical warranty experience.

b. The provision for employee benefits represents vested long-term service compensation accrued.

c. The provision for onerous contracts represents the present obligation resulting from the measurement for the unavoidable costs of meeting the Company's contractual obligations exceed the economic benefits expected to be received from the contracts.

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The pension plan under the Labor Pension Act of ROC (the "LPA") is considered as a defined contribution plan. Based on the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The Company completed its privatization plans on August 12, 2005. The Company is required to pay all accrued pension obligations including service clearance payment, lump sum payment under civil service plan, additional separation payments, etc. upon the completion of the privatization in accordance with the Statute Governing Privatization of Stated-owned Enterprises. After paying all pension obligations for privatization, the plan assets of the Company should be transferred to the Fund for Privatization of Government-owned Enterprises (the "Privatization Fund") under the Executive Yuan. On August 7, 2006, the Company transferred the remaining balance of fund to the Privatization Fund. However, according to the instructions of MOTC, the Company was requested to administer the distributions to employees for pension obligations including service clearance payment, lump sum payment under civil service plan, additional separation payments, etc. upon the completion of the privatization and recognized in other current monetary assets.

The Company with the pension mechanism under the Labor Standards Law in the ROC is considered as defined benefit plans. These pension plans provide benefits based on an employee's length of service and average six-month salary prior to retirement. The Company contributes an amount no more than 15% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the names of the Committees in the Bank of Taiwan. The plan assets are held in a commingled fund which is operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the funds. According to the Article 56 of the Labor Standards Law, entities are required to contribute the difference in one appropriation to their pension funds before the end of next March when the balance of the Funds is insufficient to pay the eligible employees who meet the retirement criteria in the following year.

The amounts included in the balance sheets arising from the Company's obligation in respect of its defined benefit plans were as follows:

	December 31	
	2020	2019
Present value of funded defined benefit obligation	$ 39,220,357	$ 40,917,777
Fair value of plan assets	(39,254,971)	(39,613,213)
Funded status - deficit (surplus)	$ (34,614)	$ 1,304,564
Net defined benefit liabilities	$ 3,316,932	$ 3,412,740
Net defined benefit assets	(3,351,546)	(2,108,176)
	$ (34,614)	$ 1,304,564

Movements in the defined benefit obligation and the fair value of plan assets were as follows:

	Present Value of Funded Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance on January 1, 2019	$ 41,088,052	$ 38,817,587	$ 2,270,465
Current service cost	2,925,862	-	2,925,862
Interest expense / interest income	397,224	388,140	9,084
Amounts recognized in profit or loss	3,323,086	388,140	2,934,946
			(Continued)

	Present Value of Funded Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
Remeasurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	$ -	$ 1,330,346	$ (1,330,346)
Actuarial losses recognized from changes in financial assumptions	639,398	-	639,398
Actuarial gains recognized from experience adjustments	(815,342)	-	(815,342)
Amounts recognized in other comprehensive income	(175,944)	1,330,346	(1,506,290)
Contributions from employer	-	2,091,936	(2,091,936)
Benefits paid	(3,014,796)	(3,014,796)	-
Benefits paid directly by the Company	(302,621)	-	(302,621)
Balance on December 31, 2019	40,917,777	39,613,213	1,304,564
Current service cost	2,051,349	-	2,051,349
Interest expense / interest income	295,819	295,626	193
Amounts recognized in profit or loss	2,347,168	295,626	2,051,542
Remeasurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	-	1,299,425	(1,299,425)
Actuarial losses recognized from changes in financial assumptions	604,943	-	604,943
Actuarial gains recognized from experience adjustments	(475,830)	-	(475,830)
Amounts recognized in other comprehensive income	129,113	1,299,425	(1,170,312)
Contributions from employer	-	1,957,678	(1,957,678)
Benefits paid	(3,910,971)	(3,910,971)	-
Benefits paid directly by the Company	(262,730)	-	(262,730)
Balance on December 31, 2020	$ 39,220,357	$ 39,254,971	$ (34,614)
			(Concluded)

Relevant pension costs recognized in profit and loss for defined benefit plans were as follows:

	Year Ended December 31	
	2020	2019
Operating costs	$ 1,205,306	$ 1,725,459
Marketing expenses	601,609	864,796
General and administrative expenses	120,736	163,940
Research and development expenses	72,125	103,156
	$ 1,999,776	$ 2,857,351

The Company is exposed to following risks for the defined benefits plans under the Labor Standards Law:

a. Investment risk

Under the Labor Standards Law, the rate of return on assets shall not be lower than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return. The plan assets are held in a commingled fund mainly invested in foreign and domestic equity and debt securities and bank deposits which is operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the funds.

b. Interest rate risk

The decline in government bond interest rate will increase the present value of the obligation on the defined benefit plan, while the return on plan assets will increase. The net effect on the present value of the obligation on defined benefit plan is partially offset by the return on plan assets.

c. Salary risk

The calculation of the present value of defined benefit obligation is referred to the plan participants' future salary. Hence, the increase in plan participants' salary will increase the present value of the defined benefit obligation.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out by the independent actuary. The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Measurement Date December 31	
	2020	**2019**
Discount rates	0.50%	0.75%
Expected rates of salary increase	1.20%	1.20%

If reasonably possible changes of the respective significant actuarial assumptions occur at the end of reporting periods, while holding all other assumptions constant, the present values of the defined benefit obligations would increase (decrease) as follows:

	December 31	
	2020	**2019**
Discount rates		
0.5% increase	$ (1,191,982)	$ (1,259,747)
0.5% decrease	$ 1,266,625	$ 1,339,198
Expected rates of salary increase		
0.5% increase	$ 1,355,750	$ 1,431,825
0.5% decrease	$ (1,287,413)	$ (1,358,894)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There is no change in the methods and assumptions used in preparing the sensitivity analysis from the previous period.

	December 31	
	2020	**2019**
The expected contributions to the plan for the next year	$ 1,924,715	$ 2,069,215
The average duration of the defined benefit obligation	6.4 years	6.5 years

As of December 31, 2020, the Company's maturity analysis of the undiscounted benefit payments was as follows:

Year	**Amount**
2021	$ 3,277,097
2022	7,045,122
2023	10,630,768
2024	11,771,892
2025 and thereafter	39,413,041
	$ 72,137,920

26. EQUITY

a. Share capital

1) Common stocks

	December 31	
	2020	**2019**
Number of authorized shares (thousand)	12,000,000	12,000,000
Authorized shares	$ 120,000,000	$ 120,000,000
Number of issued and paid shares (thousand)	7,757,447	7,757,447
Issued shares	$ 77,574,465	$ 77,574,465

Each issued common stock with par value of $10 is entitled the right to vote and receive dividends.

2) Global depositary receipts

The MOTC and some stockholders sold some common stocks of the Company in an international offering of securities in the form of American Depositary Shares ("ADS") (one ADS represents 10 common stocks) in July 2003, August 2005, and September 2006. The ADSs were traded on the New York Stock Exchange since July 17, 2003. As of December 31, 2020, the outstanding ADSs were 220,439 thousand common stocks, which equaled 22,044 thousand units and represented 2.84% of the Company's total outstanding common stocks.

The ADS holders generally have the same rights and obligations as other common stockholders, subject to the provision of relevant laws. The exercise of such rights and obligations shall comply with the related regulations and deposit agreement, which stipulate, among other things, that ADS holders are entitled to, through deposit agents:

a) Exercise their voting rights,

b) Sell their ADSs, and

c) Receive dividends declared and subscribe to the issuance of new shares.

b. Additional paid-in capital

The adjustments of additional paid-in capital for the years ended December 31, 2020 and 2019 were as follows:

	Share Premium	Movements of Additional Paid-in Capital for Associates Accounted for Using Equity Method	Movements of Additional Paid-in Capital Arising from Changes in Equities of Subsidiaries	Difference between Consideration Received and Carrying Amount of the Subsidiaries' Net Assets upon Disposal	Donated Capital	Stockholders' Contribution due to Privatization	Total
Balance on January 1, 2019	$ 147,329,386	$ 89,893	$ 2,063,148	$ 987,611	$ 18,648	$ 20,648,078	$ 171,136,764
Unclaimed dividend	-	-	-	-	1,266	-	1,266
Change in additional paid-in capital from investments in subsidiaries, associates and joint ventures accounted for using equity method	-	118,853	-	-	-	-	118,853
Share-based payment transactions of subsidiaries	-	-	(898)	-	-	-	(898)
Balance on December 31, 2019	147,329,386	208,746	2,062,250	987,611	19,914	20,648,078	171,255,985
Unclaimed dividend	-	-	-	-	1,605	-	1,605
Change in additional paid-in capital from investments in subsidiaries, associates and joint ventures accounted for using equity method	-	(21,918)	-	-	-	-	(21,918)
Change in additional paid-in capital for not proportionately participating in the capital increase of subsidiaries	-	-	(103)	-	-	-	(103)
Share-based payment transactions of subsidiaries	-	-	25,810	-	-	-	25,810
Balance on December 31, 2020	$ 147,329,386	$ 186,828	$ 2,087,957	$ 987,611	$ 21,519	$ 20,648,078	$ 171,261,379

Additional paid-in capital from share premium, donated capital and the difference between consideration received and the carrying amount of the subsidiaries' net assets upon disposal may be utilized to offset deficits. Furthermore, when the Company has no deficit, it may be distributed in cash or capitalized, which however is limited to a certain percentage of the Company's paid-in capital except the additional paid-in capital arising from unclaimed dividend can only be utilized to offset deficits.

The additional paid-in capital from movements of paid-in capital arising from changes in equities of subsidiaries may only be utilized to offset deficits.

Among additional paid-in capital from movements of investments in associates and joint ventures accounted for using equity method, the portion arising from the difference between consideration received and the carrying amount of the subsidiaries' net assets upon disposal may be utilized to offset deficits; furthermore, when the Company has no deficit, it may be distributed in cash or capitalized. However, other additional paid-in capital recognized in proportion of share ownership may only be utilized to offset deficits.

c. Retained earnings and dividends policy

In accordance with the the Company's Articles of Incorporation, the Company must pay all outstanding taxes, offset deficits in prior years and set aside a legal reserve equal to 10% of its net income before distributing a dividend or making any other distribution to stockholders, except when the accumulated amount of such legal reserve equals to the Company's total issued capital, and depending on its business needs or requirements, may also set aside or reverse special reserves. No less than 50% of the remaining earnings comprising remaining balance of net income, if any, plus cumulative undistributed earnings shall be distributed as stockholders' dividends, of which cash dividends to be distributed shall not be less than 50% of the total amount of dividends to be distributed. If cash dividend to be distributed is less than $0.10 per share, such cash dividend shall be distributed in the form of common stocks.

The Company should appropriate or reverse a special reserve in accordance with Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive entitled "Questions and Answers on Special Reserves Appropriated Following the Adoption of Taiwan-IFRSs". Distributions can be made out of any subsequent reversal of the debit to other equity items.

The appropriation for legal reserve shall be made until the accumulated reserve equals the aggregate par value of the outstanding capital stock of the Company. This reserve can only be used to offset a deficit, or, when the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of the 2019 and 2018 earnings of the Company approved by the stockholders in their meetings on May 29, 2020 and June 21, 2019 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Fiscal Year 2019	For Fiscal Year 2018	For Fiscal Year 2019	For Fiscal Year 2018
Cash dividends	$ 32,782,969	$ 34,745,603	$ 4.226	$ 4.479

The appropriations of earnings for 2020 had been proposed by the Company's Board of Directors on February 23, 2021. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Cash dividends	$33,403,565	$ 4.306

The appropriations of earnings for 2020 are subject to the resolution of the stockholders' meeting planned to be held on May 28, 2021. Information of the appropriation of the Company's earnings proposed by the Board of Directors and approved by the stockholders is available on the Market Observation Post System website.

d. Others

1) Exchange differences arising from the translation of the foreign operations

The exchange differences arising from the translation of the foreign operations from their functional currency to New Taiwan dollars were recognized as exchange differences arising from the translation of the foreign operations in other comprehensive income.

2) Unrealized gain or loss on financial assets at FVOCI

	Year Ended December 31	
	2020	2019
Beginning balance	$ 836,598	$ 538,272
Recognized for the year		
Unrealized gain or loss		
Equity instruments	546,879	399,429
Share from subsidiaries, associates and joint ventures accounted for using the equity method	(126,890)	(101,103)

(Continued)

	Year Ended December 31	
	2020	2019
Transferred accumulated gain or loss to retained earnings resulting from the disposal of equity instruments (Note 8)	$ (16,686)	$ -
Ending balance	$1,239,901	$ 836,598

(Concluded)

27. REVENUES

	Year Ended December 31	
	2020	2019
Revenue from contracts with customers	$ 177,451,021	$ 178,227,341
Other revenues		
Rental income	801,580	752,622
Others	370,226	341,875
	1,171,806	1,094,497
	$ 178,622,827	$ 179,321,838

For the information of performance obligations related to customer contracts, please refer to Note 3 Summary of Significant Accounting Policies for details.

a. Disaggregation of revenue

2020

	Domestic Fixed Communi-cations Business	Mobile Communi-cations Business	Internet Business	International Fixed Communi-cations Business	Others	Total
Main Products and Service Revenues						
Mobile services revenue	$ -	$ 60,396,292	$ -	$ -	$ -	$ 60,396,292
Sales of products	2,214,874	11,026,699	59,395	9,814	-	13,310,782
Local telephone and domestic long distance telephone services revenue	26,495,555	-	-	-	-	26,495,555
Broadband access and domestic leased line services revenue	22,500,492	-	-	-	-	22,500,492
Data communications internet services revenue	-	-	20,017,339	-	-	20,017,339
International network and leased line services revenue	-	-	-	3,367,177	-	3,367,177
Others	17,791,674	620,070	9,406,670	3,440,055	104,915	31,363,384
	$ 69,002,595	$ 72,043,061	$ 29,483,404	$ 6,817,046	$ 104,915	$177,451,021

2019

	Domestic Fixed Communi-cations Business	Mobile Communi-cations Business	Internet Business	International Fixed Communi-cations Business	Others	Total
Main Products and Service Revenues						
Mobile services revenue	$ -	$ 62,808,959	$ -	$ -	$ -	$ 62,808,959
Sales of products	1,958,028	11,634,139	8,691	8,804	-	13,609,662
Local telephone and domestic long distance telephone services revenue	27,949,534	-	-	-	-	27,949,534
Broadband access and domestic leased line services revenue	22,180,256	-	-	-	-	22,180,256
Data communications internet services revenue	-	-	19,637,375	-	-	19,637,375
International network and leased line services revenue	-	-	-	6,513,830	-	6,513,830
Others	13,169,912	354,495	8,148,555	3,744,286	110,477	25,527,725
	$ 65,257,730	$ 74,797,593	$ 27,794,621	$ 10,266,920	$ 110,477	$178,227,341

b. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Trade notes and accounts receivable (Note 9)	$ 19,554,643	$ 23,478,061	$ 27,851,879
Contract assets			
Products and service bundling	$ 2,649,230	$ 2,190,217	$ 2,225,636
Others	99,475	91,152	101,890
Less: Loss allowance	(7,016)	(5,686)	(6,381)
	$ 2,741,689	$ 2,275,683	$ 2,321,145
Current	$ 1,734,081	$ 1,470,985	$ 1,653,886
Noncurrent	1,007,608	804,698	667,259
	$ 2,741,689	$ 2,275,683	$ 2,321,145
Contract liabilities			
Telecommunications business	$ 11,677,075	$ 10,559,858	$ 8,443,296
Project business	6,012,181	10,265,409	4,439,286
Products and service bundling	12,455	23,319	28,689
Others	301,367	251,332	231,812
	$ 18,003,078	$ 21,099,918	$ 13,143,083
Current	$ 12,661,964	$ 16,684,939	$ 10,686,892
Noncurrent	5,341,114	4,414,979	2,456,191
	$ 18,003,078	$ 21,099,918	$ 13,143,083

The changes in the contract asset and the contract liability balances primarily result from the timing difference between the satisfaction of performance obligations and the payments collected from customers. Significant changes of contract assets and liabilities recognized resulting from product and service bundling were as follows:

	Year Ended December 31	
	2020	2019
Contract assets		
Net increase of customer contracts	$ 2,340,655	$ 1,943,860
Reclassified to trade receivables	(1,851,682)	(2,078,331)
	$ 488,973	$ (134,471)
Contract liabilities		
Net increase of customer contracts	$ 7,179	$ 16,289
Recognized as revenues	(18,043)	(21,659)
	$ (10,864)	$ (5,370)

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for receivables. Contract assets will be reclassified to trade receivables when the corresponding invoice is billed to the client. Contract assets have substantially the same risk characteristics as the trade receivables of the same types of contracts. Therefore, the Company concluded that the expected loss rates for trade receivables can be applied to the contract assets.

Revenue recognized for the period that was included in the contract liability at the beginning of the year was as follows:

	Year Ended December 31	
	2020	2019
Telecommunications business	$ 5,479,115	$ 6,176,801
Project business	6,078,181	3,989,780
Others	222,364	180,839
	$ 11,779,660	$ 10,347,420

c. Incremental costs of obtaining contracts

	December 31	
	2020	2019
Noncurrent		
Incremental costs of obtaining contracts	$ 7,015,079	$ 6,976,421

The Company considered the past experience and the default clauses in the telecommunications service contracts and believes the commissions and equipment subsidies paid for obtaining such contracts are expected to be recoverable; therefore, such costs were capitalized. Amortization expenses for the years ended December 31, 2020 and 2019 were $5,395,125 thousand and $6,269,916 thousand, respectively.

d. Remaining Performance Obligations

As of December 31, 2020, the aggregate amount of transaction price allocated to performance obligations for non-cancellable telecommunications service contracts that are unsatisfied is $34,201,806 thousand. The Company recognizes revenue when service is provided over contract terms. The Company expects to recognize such revenue of $21,878,842 thousand, $10,484,505 thousand and $1,838,459 thousand in 2021, 2022 and 2023, respectively. The variable consideration collected from customers on nonrecurring basis resulting from exceeded usage from monthly fee and revenue recognized for contracts that the Company has a right to consideration from customers in the amount corresponding directly with the value to the customers of the Company's performance completed to date have been excluded from the disclosure of remaining performance obligations.

As of December 31, 2020, the aggregate amount of transaction price allocated to performance obligations for non-cancellable project business contracts that are unsatisfied is $16,098,817 thousand. The Company recognizes revenues when the project business contract is completed and accepted by customers. The Company expects to recognize such revenue of $6,282,801 thousand, $5,536,110 thousand and $4,279,906 thousand in 2021, 2022 and 2023, respectively. Project business contracts whose expected duration are less than a year have been excluded from the aforementioned disclosure.

28. NET INCOME

a. Other income and expenses

	Year Ended December 31	
	2020	2019
Gain (loss) on disposal of property, plant and equipment	$1,435,864	$ (29,229)
Gain on disposal of investment properties	151,357	-
Reversal of impairment loss on investment properties	27,066	56,617
Impairment loss on other assets	-	(43,971)
	$1,614,287	$ (16,583)

b. Other income

	Year Ended December 31	
	2020	2019
Dividend income	$ 240,821	$ 292,450
Others	105,924	94,297
	$ 346,745	$ 386,747

c. Other gains and losses

	Year Ended December 31	
	2020	2019
Gain on disposal of investments accounted for using equity method	$ 13,398	$ 30,152
Foreign currency exchange gain or loss, net	2,608	18,591

(Continued)

	Year Ended December 31	
	2020	2019
Valuation loss on financial assets and liabilities at fair value through profit or loss, net	$ (98,404)	$ (38,588)
Others	(17,943)	(15,727)
	$ (100,341)	$ (5,572)

(Concluded)

d. Interest expenses

	Year Ended December 31	
	2020	2019
Interest paid to financial institutions	$ 64,470	$ -
Interest on lease liabilities	59,864	60,161
Interest on bonds payable	45,614	-
Others	1,710	1,712
	$ 171,658	$ 61,873

e. Impairment loss (reversal of impairment loss)

	Year Ended December 31	
	2020	2019
Contract assets	$ 1,330	$ (695)
Trade notes and accounts receivable	$ 49,108	$ (57,088)
Other receivables	$ (4,749)	$ (69,236)
Inventories	$1,124,350	$ 475,024
Investment properties	$ (27,066)	$ (56,617)
Others	$ -	$ 43,971

f. Depreciation and amortization expenses

	Year Ended December 31	
	2020	2019
Property, plant and equipment	$26,308,062	$26,280,508
Right-of-use assets	3,522,245	3,547,154
Investment properties	22,332	25,157
Intangible assets	5,335,650	4,168,630
Incremental costs of obtaining contracts	5,395,125	6,269,916
Total depreciation and amortization expenses	$40,583,414	$40,291,365
Depreciation expenses summarized by functions		
Operating costs	$28,694,921	$28,630,553
Operating expenses	1,157,718	1,222,266
	$29,852,639	$29,852,819

(Continued)

	Year Ended December 31	
	2020	2019
Amortization expenses summarized by functions		
Operating costs	$10,578,714	$10,281,841
Marketing expenses	81,035	81,492
General and administrative expenses	47,724	55,402
Research and development expenses	23,302	19,811
	$10,730,775	$10,438,546

(Concluded)

g. Employee benefit expenses

	Year Ended December 31	
	2020	2019
Post-employment benefit		
Defined contribution plans	$ 336,674	$ 302,912
Defined benefit plans	1,999,776	2,857,351
	2,336,450	3,160,263
Other employee benefit		
Salaries	19,366,322	19,887,957
Insurance	1,959,488	2,031,482
Others	11,970,883	12,247,172
	33,296,693	34,166,611
Total employee benefit expenses	$35,633,143	$37,326,874
Summary by functions		
Operating costs	$20,197,935	$21,192,623
Operating expenses	15,435,208	16,134,251
	$35,633,143	$37,326,874

The Company distributes employees' compensation at the rates from 1.7% to 4.3% and remuneration to directors not higher than 0.17%, respectively, of pre-tax income. As of December 31, 2020, the payables of the employees' compensation and of the remuneration to directors were $1,202,448 thousand and $35,803 thousand, respectively. Such amounts have been approved by the Company's Board of Directors on February 23, 2021 and will be reported to the stockholders in their meeting planned to be held on May 28, 2021.

If there is a change in the proposed amounts after the annual financial statements are authorized for issue, the difference is recorded as a change in accounting estimate.

The compensation to the employees and remuneration to the directors of 2019 and 2018 approved by the Board of Directors on February 26, 2020 and March 19, 2019, respectively, were as follows:

	2019	2018
	Cash	Cash
Compensation distributed to the employees	$ 1,126,194	$ 1,404,264
Remuneration paid to the directors	35,210	38,216

There was no difference between the initial accrued amounts recognized in 2019 and 2018 and the amounts approved by the Board of Directors in 2020 and 2019 of the aforementioned compensation to employees and the remuneration to directors.

Information of the appropriation of the Company's employees compensation and remuneration to directors and those approved by the Board of Directors is available on the Market Observation Post System website.

29. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	Year Ended December 31	
	2020	2019
Current tax		
Current tax expenses recognized for the year	$ 7,542,030	$ 7,590,104
Income tax adjustments on prior years	-	(85,360)
Others	19,621	10,660
	7,561,651	7,515,404
Deferred tax		
Deferred tax benefits recognized for the year	(99,847)	(41,358)
Income tax adjustments on prior years	15,495	-
	(84,352)	(41,358)
Income tax recognized in profit or loss	$ 7,477,299	$ 7,474,046

Reconciliation of accounting profit and income tax expense was as follows:

	Year Ended December 31	
	2020	2019
Income before income tax	$ 40,883,429	$ 40,262,592
Income tax expense calculated at the statutory rate	$ 8,176,686	$ 8,052,518
Nondeductible income and expenses in determining taxable income	(466)	5,140
Tax-exempt income	(613,694)	(323,439)
Investment credits	(117,488)	(192,921)
Income tax adjustments on prior years	15,495	(85,360)
Others	16,766	18,108
Income tax expense recognized in profit or loss	$ 7,477,299	$ 7,474,046

The applicable tax rate used by the Company is 20%.

In July 2019, the President of the ROC announced the amendments to the Statute of Industrial Innovation, which stipulate that the unappropriated earnings in 2018 and thereafter that are used to build or acquire certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. The Company has deducted the reinvested capital expenditure while calculating income tax on unappropriated earnings.

b. Income tax recognized in other comprehensive income

	Year Ended December 31	
	2020	2019
Deferred tax		
Remeasurement on defined benefit pension plan	$ 234,062	$ 301,258

c. Current tax liabilities

	December 31	
	2020	2019
Current tax liabilities		
Income tax payable	$3,914,134	$ 3,739,435

d. Deferred income tax assets and liabilities

The movements of deferred income tax assets and liabilities were as follows:

For the year ended December 31, 2020

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred income tax assets				
Temporary differences				
Defined benefit pension plan	$ 2,017,230	$ 19,949	$ (234,062)	$ 1,803,117
Allowance for doubtful receivables over quota	400,067	(37,458)	-	362,609
Valuation loss on inventory	127,279	148,308	-	275,587
Deferred revenue	97,457	(24,390)	-	73,067
Accrued award credits liabilities	17,318	1,091	-	18,409
Estimated warranty liabilities	14,847	1,871	-	16,718
Others	44,837	29,289	-	74,126
	$ 2,719,035	$ 138,660	$ (234,062)	$ 2,623,633
Deferred income tax liabilities				
Temporary differences				
Defined benefit pension plan	$ 1,756,317	$ 53,723	$ -	$ 1,810,040
Land value incremental tax	94,986	-	-	94,986
Deferred revenue for award credits	28,543	1,664	-	30,207
Unrealized foreign exchange gain, net	1,079	(1,079)	-	-
	$ 1,880,925	$ 54,308	$ -	$ 1,935,233

For the year ended December 31, 2019

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred income tax assets				
Temporary differences				
Defined benefit pension plan	$ 2,285,421	$ 33,067	$ (301,258)	$ 2,017,230
Allowance for doubtful receivables over quota	431,538	(31,471)	-	400,067
Valuation loss on inventory	73,841	53,438	-	127,279
Deferred revenue	110,929	(13,472)	-	97,457
Accrued award credits liabilities	13,913	3,405	-	17,318
Estimated warranty liabilities	10,861	3,986	-	14,847
Others	129,010	(84,173)	-	44,837
	$ 3,055,513	$ (35,220)	$ (301,258)	$ 2,719,035
Deferred income tax liabilities				
Temporary differences				
Defined benefit pension plan	$ 1,831,328	$ (75,011)	$ -	$ 1,756,317
Land value incremental tax	94,986	-	-	94,986
Deferred revenue for award credits	30,690	(2,147)	-	28,543
Unrealized foreign exchange gain, net	499	580	-	1,079
	$ 1,957,503	$ (76,578)	$ -	$ 1,880,925

e. All deductible temporary differences were recognized as deferred tax assets in the balance sheets.

f. Income tax examinations

Income tax returns of the Company have been examined by the tax authorities through 2017.

30. EARNINGS PER SHARE

Net income and weighted average number of common stocks used in the calculation of earnings per share were as follows:

Net Income

	Year Ended December 31	
	2020	2019
Net income used to compute the basic earnings per share	$ 33,406,130	$ 32,788,546
Assumed conversion of all dilutive potential common stocks		
Employee stock options and employee compensation of subsidiaries	(7,241)	(3,617)
Net income used to compute the diluted earnings per share	$ 33,398,889	$ 32,784,929

Weighted Average Number of Common Stocks

(Thousand Shares)

	Year Ended December 31	
	2020	2019
Weighted average number of common stocks used to compute the basic earnings per share	7,757,447	7,757,447
Assumed conversion of all dilutive potential common stocks		
Employee compensation	7,108	7,862
Weighted average number of common stocks used to compute the diluted earnings per share	7,764,555	7,765,309

As the Company may settle the employee compensation in shares or cash, the Company shall presume that it will be settled in shares and take those shares into consideration when calculating the weighted average number of outstanding shares used in the calculation of diluted EPS if the shares have a dilutive effect. The dilutive effect of the shares needs to be considered until the approval of the number of shares to be distributed to employees as compensation in the following year.

31. NON-CASH TRANSACTIONS

Except for those disclosed in other notes, the non-cash investing and financing activities the Company entered into were as follows:

Investing activities	Year Ended December 31	
	2020	2019
Increase in property, plant and equipment	$ 24,624,730	$ 21,310,261
Changes in other payables	(1,884,118)	1,116,812
Acquisition of property, plant and equipment	$ 22,740,612	$ 22,427,073
Increase in investment properties	$ 1,359,502	$ 523
Trade-in investment properties from asset exchange transaction (Note 14)	(1,305,067)	-
Acquisition of investment properties	$ 54,435	$ 523
Increase in intangible assets	$ 48,539,599	$ 283,792
Changes in other assets	(1,000,000)	-
Acquisition of intangible assets	$ 47,539,599	$ 283,792
Disposal of property, plant and equipment, net	$ 297,161	$ 80,220
Gain (loss) on disposal of property, plant and equipment	1,435,864	(29,229)
Trade-in investment properties from asset exchange transaction (Note 14)	(1,305,067)	-
Changes in other payables	(79,986)	-
Changes in other current monetary assets	(31,032)	-
Proceeds from disposal of property, plant and equipment	$ 316,940	$ 50,991

Financing Activities

	Balance on January 1, 2020	Cash Flows from Financing Activities	Changes in Non-Cash Transactions		Cash Flows from Operation Activities - Interest Paid	Balance on December 31, 2020
			New Leases	Others		
Lease liabilities	$ 8,695,214	$(3,287,475)	$ 3,468,664	$ (195,892)	$ (59,864)	$ 8,620,647

	Balance on January 1, 2019	Cash Flows from Financing Activities	Changes in Non-Cash Transactions		Cash Flows from Operation Activities - Interest Paid	Balance on December 31, 2019
			New Leases	Others		
Lease liabilities	$ 9,181,564	$(3,306,322)	$ 3,324,178	$ (444,045)	$ (60,161)	$ 8,695,214

32. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of debt and the equity of the Company.

The Company is required to maintain minimum paid-in capital amount as prescribed by the applicable laws.

The management reviews the capital structure of the Company as needed. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

According to the management's suggestion, the Company maintains a balanced capital structure through paying cash dividends, increasing its share capital, purchasing outstanding shares, and issuing new debt or repaying debt.

33. FINANCIAL INSTRUMENTS

Fair Value Information

The fair value measurement guidance establishes a framework for measuring fair value and expands disclosure about fair value measurements. The standard describes a fair value hierarchy based on three levels of inputs that may be used to measure fair value. These levels are:

Level 1 fair value measurements: These measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements: These measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements: These measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

a. Financial instruments that are not measured at fair value but for which fair value is disclosed

Except those listed in the table below, the Company considers that the carrying amounts of financial assets and liabilities not measured at fair value approximate their fair values or the fair values cannot be reliable estimated.

	December 31			
	2020		2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial liabilities				
Financial liabilities measured at amortized cost				
Bonds payable	$ 19,980,272	$ 20,078,098	$ -	$ -

The fair value of bonds payable is measured using Level 2 inputs. The valuation of fair value is based on the weighted-average per-hundred price of Taipei Exchange at the end of reporting period.

b. Financial instruments that are measured at fair value on a recurring basis

December 31, 2020

	Level 1	Level 2	Level 3	Total
Hedging financial assets	$ -	$ 1,752	$ -	$ 1,752
Financial assets at FVTPL				
Derivatives	$ -	$ 2,271	$ -	$ 2,271
Non-listed stocks	-	-	677,202	677,202
	$ -	$ 2,271	$ 677,202	$ 679,473
Financial assets at FVOCI				
Listed stocks	$ 2,610,501	$ -	$ -	$ 2,610,501
Non-listed stocks	-	-	4,293,178	4,293,178
	$ 2,610,501	$ -	$ 4,293,178	$ 6,903,679

December 31, 2019

	Level 1	Level 2	Level 3	Total
Hedging financial assets	$ -	$ 327	$ -	$ 327
Financial assets at FVTPL				
Non-listed stocks	$ -	$ -	$ 778,105	$ 778,105
Financial assets at FVOCI				
Listed stocks	$ 2,388,416	$ -	$ -	$ 2,388,416
Non-listed stocks	-	-	4,534,899	4,534,899
	$ 2,388,416	$ -	$ 4,534,899	$ 6,923,315

(Continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivatives	$ -	$ 228	$ -	$ 228

(Concluded)

There were no transfers between Levels 1 and 2 for the years ended December 31, 2020 and 2019.

The reconciliations for financial assets measured at Level 3 were listed below:

2020

Financial Assets	Measured at Fair Value through Profit or Loss	Measured at Fair Value through Other Comprehensive Income	Total
Balance on January 1, 2020	$ 778,105	$ 4,534,899	$ 5,313,004
Reclassified from investments accounted for using equity method	-	1,282	1,282
Recognized in profit or loss under "Other gains and losses"	(100,903)	-	(100,903)
Recognized in other comprehensive income under "Unrealized gain or loss on financial assets at fair value through other comprehensive income"	-	(243,003)	(243,003)
Balance on December 31, 2020	$ 677,202	$ 4,293,178	$ 4,970,380
Unrealized loss in 2020	$ (100,903)		

2019

Financial Assets	Measured at Fair Value through Profit or Loss	Measured at Fair Value through Other Comprehensive Income	Total
Balance on January 1, 2019	$ 517,362	$ 3,633,210	$ 4,150,572
Acquisition	300,000	-	300,000
Recognized in profit or loss under "Other gains and losses"	(39,257)	-	(39,257)
Recognized in other comprehensive income under "Unrealized gain or loss on financial assets at fair value through other comprehensive income"	-	910,856	910,856
Proceed from return of investments	-	(9,167)	(9,167)
Balance on December 31, 2019	$ 778,105	$ 4,534,899	$ 5,313,004
Unrealized loss in 2019	$ (39,257)		

The fair values of financial assets and financial liabilities of Level 2 are determined as follows:

1) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market prices.

2) For derivatives, fair values are estimated using discounted cash flow model. Future cash flows are estimated based on observable inputs including forward exchange rates at the end of the reporting periods and the forward and spot exchange rates stated in the contracts, discounted at a rate that reflects the credit risk of various counterparties.

The fair values of non-listed domestic and foreign equity investments were Level 3 financial assets, and determined using the market approach by reference the Price-to-Book ratios (P/B ratios) of peer companies that traded in active market or using assets approach. The significant unobservable inputs used were listed in the table below. A decrease in discount for the lack of marketability or noncontrolling interests discount would result in increases in the fair values.

	December 31	
	2020	2019
Discount for lack of marketability	20%	20%
Noncontrolling interests discount	25%	25%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair values of equity investments would increase as below table. When related discounts increase, the fair value of equity investments would be the negative amount of the same amount.

	December 31	
	2020	2019
Discount for lack of marketability 5% decrease	$ 310,649	$ 332,063
Noncontrolling interests discount 5% decrease	$ 46,906	$ 53,585

Categories of Financial Instruments

	December 31	
	2020	2019
Financial assets		
Measured at FVTPL		
Mandatorily measured at FVTPL	$ 679,473	$ 778,105
Hedging financial assets	1,752	327
Financial assets at amortized cost (Note a)	44,806,233	55,772,774
Financial assets at FVOCI	6,903,679	6,923,315
Financial liabilities		
Measured at FVTPL		
Held for trading	-	228
Measured at amortized cost (Note b)	58,305,555	30,394,827

Note a: The balances included cash and cash equivalents, trade notes and accounts receivable, receivables from related parties, other current monetary assets and refundable deposits (classified as other noncurrent assets), which were financial assets measured at amortized cost.

Note b: The balances included short-term bills payable, trade notes and accounts payable, payables to related parties, partial other payables, customers' deposits and bonds payable which were financial liabilities carried at amortized cost.

Financial Risk Management Objectives

The main financial instruments of the Company include equity investments, trade notes and accounts receivable, trade notes and accounts payable, lease liabilities, short-term bills payable and bonds payable. The Company's Finance Department provides services to its business units, co-ordinates access to domestic and international capital markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors. Those derivatives are used to hedge the risks of exchange rate fluctuation arising from operating or investment activities. Compliance with policies and risk exposure limits is reviewed by the Company's Finance Department on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Company reports the significant risk exposures and related action plans timely and actively to the audit committee and if needed to the Board of Directors.

a. Market risk

The Company is exposed to market risks of changes in foreign currency exchange rates and interest rates. The Company uses forward exchange contracts to hedge the exchange rate risk arising from assets and liabilities denominated in foreign currencies.

There were no changes to the Company's exposure to market risks or the manner in which these risks are managed and measured.

1) Foreign currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the balance sheet dates were as follows:

	December 31	
	2020	2019
Assets		
USD	$ 697,597	$ 3,398,099
EUR	11,883	10,618
SGD	62	69
JPY	482	539
HKD	68,707	186
		(Continued)

	December 31	
	2020	2019
Liabilities		
USD	$ 503,192	$ 3,772,682
EUR	954,040	206,447
SGD	1,046,395	1,260,190
JPY	7,483	6,271
HKD	7,559	14,185
		(Concluded)

The carrying amounts of the Company's derivatives with exchange rate risk exposures at the balance sheet dates were as follows:

	December 31	
	2020	2019
Assets		
EUR	$ 3,902	$ 327
USD	121	-
Liabilities		
EUR	-	228

Foreign currency sensitivity analysis

The Company is mainly exposed to the fluctuations of the currencies USD, EUR, SGD, JPY and HKD as listed above.

The following table details the Company's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible changes in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and forward exchange contracts. A positive number below indicates an increase in pre-tax profit or equity where the functional currency weakens 5% against the relevant currency.

	Year Ended December 31	
	2020	2019
Profit or loss		
Monetary assets and liabilities (a)		
USD	$ 9,720	$ (18,729)
EUR	(47,108)	(9,791)
SGD	(52,317)	(63,006)
JPY	(350)	(287)
HKD	3,057	(700)
Derivatives (b)		
EUR	2,627	2,519
USD	(18,512)	-
Equity		
Derivatives (c)		
EUR	10,210	4,195

a) This is mainly attributable to the exposure to foreign currency denominated receivables and payables of the Company outstanding at the balance sheet dates.

b) This is mainly attributable to forward exchange contracts.

c) This is mainly attributable to the changes in the fair value of derivatives that are designated as cash flow hedges.

For a 5% strengthening of the functional currency against the relevant currencies, there would be an equal and opposite effect on the pre-tax profit or equity for the amounts shown above.

2) Interest rate risk

The carrying amounts of the Company's exposures to interest rates on financial assets and financial liabilities at the balance sheet dates were as follows:

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	$ 16,006,853	$ 23,072,032
Financial liabilities	35,600,117	8,695,214
Cash flow interest rate risk		
Financial assets	2,855,144	2,414,392

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax income would increase/decrease by $7,138 thousand and $6,036 thousand for the years ended December 31, 2020 and 2019, respectively. This is mainly attributable to the Company's exposure to floating interest rates on its financial assets.

3) Other price risk

The Company is exposed to equity price risks arising from holding other company's equity. Equity investments are held for strategic rather than trading purposes. The management managed the risk through holding various risk portfolios. Further, the Company assigned finance and investment departments to monitor the price risk.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax profit and pre-tax other comprehensive income for the year ended December 31, 2020 would have increased/decreased by $33,860 thousand and $345,184 thousand as a result of the changes in fair value of financial assets at FVTPL and financial assets at FVOCI, respectively. If equity prices had been 5% higher/lower, pre-tax profit and pre-tax other comprehensive income for the year ended December 31, 2019 would have increased/decreased by $38,905 thousand and $346,166

thousand as a result of the changes in fair value of financial assets at FVTPL and financial assets at FVOCI, respectively.

b. Credit risk

Credit risk refers to the risk that a counterparty would default on its contractual obligations resulting in financial loss to the Company. The maximum credit exposure of the aforementioned financial instruments is equal to their carrying amounts recognized in the balance sheet as of the balance sheet date.

The Company has large trade receivables outstanding with its customers. A substantial majority of the Company's outstanding trade receivables are not covered by collateral or credit insurance. The Company has implemented ongoing measures including enhancing credit assessments and strengthening overall risk management to reduce its credit risk. While the Company has procedures to monitor and limit exposure to credit risk on trade receivables, there can be no assurance such procedures will effectively limit its credit risk and avoid losses. This risk is heightened during periods when economic conditions worsen.

As the Company serves a large number of unrelated consumers, the concentration of credit risk was limited.

c. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalent position to support the operations and reduce the impact on fluctuation of cash flow.

1) Liquidity and interest risk tables

The following tables detailed the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company is required to pay.

	Weighted Average Effective Interest Rate (%)	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years	Total
December 31, 2020							
Non-derivative financial liabilities							
Non-interest bearing	-	$ 33,632,660	$ -	$ 2,020,848	$ 4,722,280	$ -	$ 40,375,788
Fixed interest rate instruments	0.50	7,000,000	-	-	8,800,000	11,200,000	27,000,000
		$ 40,632,660	$ -	$ 2,020,848	$ 13,522,280	$ 11,200,000	$ 67,375,788

Information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
Lease liabilities	$ 2,946,519	$ 3,799,518	$ 1,603,147	$ 391,240	$ 8,740,424

	Weighted Average Effective Interest Rate (%)	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years	Total
December 31, 2019							
Non-derivative financial liabilities							
Non-interest bearing	-	$ 32,737,082	$ -	$ 2,249,737	$ 4,653,517	$ -	$ 39,640,336

Information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
Lease liabilities	$ 2,948,276	$ 3,815,757	$ 1,456,469	$ 614,828	$ 8,835,330

The following table detailed the Company's liquidity analysis for its derivative financial instruments. The table had been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
December 31, 2020					
Gross settled					
Forward exchange contracts					
Inflow	$ -	$620,579	$ -	$ -	$620,579
Outflow	-	616,556	-	-	616,556
	$ -	$ 4,023	$ -	$ -	$ 4,023
December 31, 2019					
Gross settled					
Forward exchange contracts					
Inflow	$ -	$135,075	$ -	$ -	$135,075
Outflow	-	134,976	-	-	134,976
	$ -	$ 99	$ -	$ -	$ 99

2) Financing facilities

	December 31	
	2020	2019
Facilities of unsecured bank loan and commercial paper payable		
Amount used	$ 7,000,000	$ -
Amount unused	53,000,000	40,000,000
	$ 60,000,000	$ 40,000,000

34. RELATED PARTIES TRANSACTIONS

The ROC Government, one of the Company's customers, has significant equity interest in the Company. The Company provides fixed-line services, wireless services, internet and data and other services to the various departments and institutions of the ROC Government in the normal course of business and at arm's-length prices. Except for those disclosed in other notes or this note, the transactions with the ROC government bodies have not been disclosed because the transactions are not individually or collectively significant. However, the related revenues and operating costs have been appropriately recorded.

a. The Company engages in business transactions with the following related parties:

Company	Relationship
Senao International Co., Ltd. ("SENAO")	Subsidiary
Light Era Development Co., Ltd. ("LED")	Subsidiary
Donghwa Telecom Co., Ltd.	Subsidiary
Chunghwa Telecom Singapore Pte., Ltd. ("CHTS")	Subsidiary
Chunghwa System Integration Co., Ltd. ("CHSI")	Subsidiary
Chunghwa Investment Co., Ltd. ("CHI")	Subsidiary
CHIEF Telecom, Inc. ("CHIEF")	Subsidiary
CHYP Multimedia Marketing & Communications Co., Ltd. ("CHYP")	Subsidiary
Prime Asia Investments Group Ltd. (B.V.I.) ("Prime Asia")	Subsidiary
Spring House Entertainment Tech. Inc. ("SHE")	Subsidiary
Chunghwa Telecom Global, Inc.	Subsidiary
Chunghwa Telecom Vietnam Co., Ltd.	Subsidiary
Smartfun Digital Co., Ltd.	Subsidiary
Chunghwa Telecom Japan Co., Ltd.	Subsidiary
Chunghwa Sochamp Technology Inc.	Subsidiary
Honghwa International Co., Ltd.	Subsidiary
Chunghwa Leading Photonics Tech. Co., Ltd. ("CLPT")	Subsidiary
Chunghwa Telecom (Thailand) Co., Ltd. ("CHTT")	Subsidiary
CHT Security Co., Ltd.("CHTSC")	Subsidiary
International Integrated Systems, Inc. ("IISI")	Subsidiary (Note 1)
Senao International (Samoa) Holding Ltd. ("SIS")	Subsidiary of SENAO
Youth Co., Ltd.	Subsidiary of SENAO
Aval Technologies Co., Ltd.	Subsidiary of SENAO
ISPOT Co., Ltd.	Subsidiary of SENAO
Youyi Co., Ltd.	Subsidiary of SENAO
Senyoung Insurance Agent Co., Ltd.	Subsidiary of SENAO
Senaolife Insurance Agent Co., Ltd.	Subsidiary of SENAO
Wiin Technologies Co., Ltd.("Wiin")	Subsidiary of SENAO
Unigate Telecom Inc.	Subsidiary of CHIEF
Chief International Corp.	Subsidiary of CHIEF
Shanghai Chief Telecom Co., Ltd.	Subsidiary of CHIEF
Chunghwa Precision Test Tech. Co., Ltd. ("CHPT")	Subsidiary of CHI
Chunghwa Precision Test Tech. USA Corporation	Subsidiary of CHPT
CHPT Japan Co., Ltd.	Subsidiary of CHPT
Chunghwa Precision Test Tech. International, Ltd. ("CHPT (International)")	Subsidiary of CHPT
Senao International HK Limited ("SIHK")	Subsidiary of SIS
Senao Trading (Fujian) Co., Ltd.	Subsidiary of SIHK
Senao International Trading (Shanghai) Co., Ltd.	Subsidiary of SIHK
Senao International Trading (Jiangsu) Co., Ltd.	Subsidiary of SIHK
Chunghwa Hsingta Co., Ltd. ("CHC")	Subsidiary of Prime Asia
Chunghwa Telecom (China) Co., Ltd.	Subsidiary of CHC
Shanghai Taihua Electronic Technology Limited ("STET")	Subsidiary of CHPT (International)
Su Zhou Precision Test Tech. Ltd.	Subsidiary of CHPT (International)

(Continued)

Company	Relationship
Taoyuan Asia Silicon Valley Innovation Co, Ltd.	Subsidiary of LED
Infoexplorer International Co., Ltd. (“IESA”)	Subsidiary of IISI
IISI Investment Co., Ltd. (“IICL”)	Subsidiary of IISI
Unitronics Technology Corp.	Subsidiary of IISI
International Integrated Systems (Hong Kong) Limited	Subsidiary of IESA
Leading Tech Co., Ltd. (“LTCL”)	Subsidiary of IICL
Leading Systems Co., Ltd. (“LSCL”)	Subsidiary of LTCL
International Integrated Systems Inc. (Shanghai) (“IISS”)	Subsidiary of LSCL
Huiyu Shanghai Management Consultancy Co., Ltd. (“HSMC”)	Subsidiary of IISS
Taiwan International Standard Electronics Co., Ltd.	Associate
So-net Entertainment Taiwan Limited	Associate
KKBOX Taiwan Co., Ltd.	Associate
KingwayTek Technology Co., Ltd.	Associate
UUPON Inc.	Associate (Note 2)
Viettel-CHT Co., Ltd.	Associate
Alliance Digital Tech Co., Ltd.	Associate
Taiwan International Ports Logistics Corporation	Associate
Chunghwa PChome Fund I Co., Ltd.	Associate
Cornerstone Ventures Co., Ltd.	Associate
Next Commercial Bank Co., Ltd. (“NCB”)	Associate
Chunghwa SEA Holdings	Joint venture
Click Force Co., Ltd.	Associate of CHYP
ST-2 Satellite Ventures Pte., Ltd.	Associate of CHTS
Other related parties	
Chunghwa Telecom Foundation	A nonprofit organization of which the funds donated by the Company exceeds one third of its total funds
Chunghwa Post Co., Ltd.	Government-related entity as Chunghwa Telecom

(Concluded)

Note 1: IISI was an associate and has become a subsidiary starting from July 1, 2020. Please refer to Note 13.

Note 2： UUPON was previously an associate. As the Company did not participate in the capital increase of UUPON in October 2020; therefore, the Company lost its significant influence over UUPON. Since then, UUPON was no longer a related party of the Company. Please refer to Note 13.

b. Terms of the foregoing transactions with related parties were not significantly different from transactions with non-related parties. When no similar transactions with non-related parties can be referenced, terms were determined in accordance with mutual agreements. Details of transactions between the Company and other related parties are disclosed below:

1) Operating transactions

	Revenues	
	Year Ended December 31	
	2020	2019
Subsidiaries	$ 4,460,961	$ 3,587,663
Associates	1,385,767	201,078
Others	3,480	3,728
	$ 5,850,208	$ 3,792,469

	Operating Costs and Expenses	
	Year Ended December 31	
	2020	2019
Subsidiaries	$ 9,164,958	$ 9,070,165
Associates	708,563	924,410
Others	51,700	57,700
	$ 9,925,221	$ 10,052,275

2) Non-operating transactions

	Non-operating Income and (Expenses)	
	Year Ended December 31	
	2020	2019
Subsidiaries	$ 825	$ 13,091
Associates	(8,895)	257
	$ (8,070)	$ 13,348

3) Receivables

	December 31	
	2020	2019
Subsidiaries	$ 1,135,699	$ 781,356
Associates	204,845	4,209
Others	6	5
	$ 1,340,550	$ 785,570

4) Contract liabilities-current

	December 31	
	2020	2019
Associates	$ 182,857	$ -

5) Payables

	December 31	
	2020	2019
Subsidiaries	$ 2,743,831	$ 3,021,896
Associates	636,657	641,817
	$ 3,380,488	$ 3,663,713

6) Customers' deposits

	December 31	
	2020	2019
Subsidiaries	$ 30,729	$ 10,477
Associates	2,066	5,035
	$ 32,795	$ 15,512

7) Acquisition of property, plant and equipment

	Year Ended December 31	
	2020	2019
Subsidiaries	$ 515,718	$ 874,373
Associates	375,469	241,626
	$ 891,187	$ 1,115,999

8) Disposal of property, plant and equipment and investment properties to Chunghwa Post Co., Ltd.

	Proceeds		Gain on Disposal	
	Year Ended December 31		Year Ended December 31	
	2020	2019	2020	2019
Others	$ 385,760	$ -	$ 310,205	$ -

9) Lease-in agreements

Chunghwa entered into a contract with ST-2 Satellite Ventures Pte., Ltd. on March 12, 2010 to lease capacity on the ST-2 satellite. This lease term is for 15 years which should start from the official operation of ST-2 satellite and the total contract value is approximately $6,000,000 thousand (SGD$260,723 thousand), including a prepayment of $3,067,711 thousand at the inception of the lease, and the rest of amount should be paid annually when ST-2 satellite starts its official operation. ST-2 satellite was launched in May 2011, and began its official operation in August 2011.

The lease liabilities of ST-2 Satellite Ventures Pte., Ltd. as of balance sheet dates were as follows:

	December 31	
	2020	2019
Lease liabilities - current	$ 182,187	$ 188,271
Lease liabilities - noncurrent	816,610	1,023,889
	$ 998,797	$ 1,212,160

The interest expense recognized for the aforementioned lease liabilities were $8,895 thousand and $10,887 thousand for the years ended December 31, 2020 and 2019, respectively.

c. Compensation of key management personnel

The compensation of directors and key management personnel was as follows:

	Year Ended December 31	
	2020	2019
Short-term employee benefits	$ 67,048	$ 66,341
Post-employment benefits	4,613	5,578
	$ 71,661	$ 71,919

The compensation of directors and key management personnel was mainly determined by the compensation committee having regard to the performances.

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Except for those disclosed in other notes, the Company's significant commitments and contingent liabilities as of December 31, 2020 were as follows:

a. Acquisitions of telecommunications-related inventory and equipment of $25,567,736 thousand.

b. A commitment to contribute $2,000,000 thousand to a Piping Fund administered by the Taipei City Government, of which $1,000,000 thousand was contributed by the Company on August 15, 1996 (classified as other monetary assets - noncurrent). If the fund is not sufficient, the Company will contribute the remaining $1,000,000 thousand upon notification from the Taipei City Government.

c. The Company committed that when its ownership interest in NCB is greater than 25% and NCB encounters financial difficulty or the capital adequacy ratio of NCB cannot meet the related regulation requirements, the Company will provide financial support to assist NCB in maintaining a healthy financial condition.

36. OTHER MATTERS

The Company has assessed the economic impact of COVID-19 and determined that there were no significant impacts on the Company's financial statements as of the date the financial statements were authorized for issue. The Company will continue to monitor developments of the pandemic and assess the related impacts.

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The information of significant assets and liabilities denominated in foreign currencies was as follows:

	December 31, 2020		
	Foreign Currencies (Thousands)	Exchange Rate	New Taiwan Dollars (Thousands)
Assets denominated in foreign currencies			
Monetary items			
USD	$ 24,494	28.48	$ 697,597
EUR	339	35.02	11,883
SGD	3	21.56	62
JPY	1,744	0.276	482
HKD	18,706	3.673	68,707
Non-monetary items			
Investments accounted for using equity method			
USD	49,724	28.48	1,416,152
HKD	404,643	3.673	1,486,252
JPY	326,093	0.276	90,099
VND	409,377,361	0.0011	454,409
RMB	37,268	4.377	163,121
THB	115,281	0.9556	110,163
Liabilities denominated in foreign currencies			
Monetary items			
USD	17,668	28.48	503,192
EUR	27,243	35.02	954,040
SGD	48,534	21.56	1,046,395
JPY	27,083	0.276	7,483
HKD	2,058	3.673	7,559

	December 31, 2019		
	Foreign Currencies (Thousands)	Exchange Rate	New Taiwan Dollars (Thousands)
Assets denominated in foreign currencies			
Monetary items			
USD	$ 113,346	29.98	$ 3,398,099
EUR	316	33.59	10,618
SGD	3	22.28	69
JPY	1,954	0.276	539
HKD	48	3.849	186
Non-monetary items			
Investments accounted for using equity method			
USD	42,782	29.98	1,282,608
HKD	422,835	3.849	1,627,491
JPY	277,417	0.276	76,567

(Continued)

	December 31, 2019		
	Foreign Currencies (Thousands)	Exchange Rate	New Taiwan Dollars (Thousands)
VND	$ 354,492,164	0.0012	$ 414,756
RMB	42,506	4.31	182,989
THB	113,123	1.0098	114,231
Liabilities denominated in foreign currencies			
Monetary items			
USD	125,840	29.98	3,772,682
EUR	6,146	33.59	206,447
SGD	56,561	22.28	1,260,190
JPY	22,720	0.276	6,271
HKD	3,685	3.849	14,185

(Concluded)

The unrealized foreign currency exchange gains and losses were loss of $15,703 thousand and gain of $8,315 thousand for the years ended December 31, 2020 and 2019, respectively. Due to the various foreign currency transactions of the Company, foreign exchange gains and losses cannot be disclosed by the respective significant foreign currency.

38. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the FSC for the Company:

a. Financing provided: None.

b. Endorsement/guarantee provided: Please see Table 1.

c. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please see Table 2.

d. Marketable securities acquired or disposed of at costs or prices at least $300 million or 20% of the paid-in capital: Please see Table 3.

e. Acquisition of individual real estate at costs of at least $300 million or 20% of the paid-in capital: Please see Table 4.

f. Disposal of individual real estate at prices of at least $300 million or 20% of the paid-in capital: Please see Table 5.

g. Total purchases from or sales to related parties amounting to at least $100 million or 20% of the paid-in capital: Please see Table 6.

h. Receivables from related parties amounting to $100 million or 20% of the paid-in capital: Please see Table 7.

i. Names, locations, and other information of investees on which the Company exercises significant influence (excluding investment in Mainland China): Please see Table 8.

j. Derivative instruments transactions: Please see Notes 7, 19 and 33.

k. Investment in Mainland China: Please see Table 9.

l. Information of main stakeholders: Please see Table 10.

39. SEGMENT INFORMATION

The Company has the following reportable segments that provide different products or services. The reportable segments are managed separately because each segment represents a strategic business unit that serves different markets. Segment information is provided to the CEO who allocates resources and assesses segment performance. The Company's measure of segment performance is mainly based on revenues and income before income tax. The Company's reportable segments are as follows:

a. Domestic fixed communications business - the provision of local telephone services, domestic long distance telephone services, broadband access, and related services;

b. Mobile communications business - the provision of mobile services, sales of mobile handsets and data cards, and related services;

c. Internet business - the provision of HiNet services and related services;

d. International fixed communications business - the provision of international long distance telephone services and related services;

e. Others - the provision of non-telecom services and the corporate related items not allocated to reportable segments.

Some operating segments have been aggregated into a single operating segment taking into account the following factors: (a) similar economic characteristics such as long-term gross profit margins; (b) the nature of the telecommunications products and services are similar; (c) the nature of production processes of the telecommunications products and services are similar; (d) the type or class of customer for the telecommunications products and services are similar; and (e) the methods used to provide the services to the customers are similar.

The accounting policies of the operating segments are the same as those described in Note 3.

Segment Revenues and Operating Results

Analysis by reportable segment of revenues and operating results of continuing operations are as follows:

	Domestic Fixed Communications Business	Mobile Communications Business	Internet Business	International Fixed Communications Business	Others	Total
Year ended December 31, 2020						
Revenues						
From external customers	$ 69,787,891	$ 72,132,979	$ 29,623,809	$ 6,841,292	$ 236,856	$ 178,622,827
Intersegment revenues	15,610,387	1,009,495	3,489,556	1,675,274	19,371	21,804,083
Segment revenues	$ 85,398,278	$ 73,142,474	$ 33,113,365	$ 8,516,566	$ 256,227	200,426,910
Intersegment elimination						(21,804,083)
Revenues						$ 178,622,827
Segments operating costs and expenses	$ 63,452,258	$ 52,242,328	$ 14,043,381	$ 6,843,254	$ 4,116,236	$ 140,697,457
Segment income (loss) before income tax	$ 22,504,443	$ 8,568,040	$ 12,204,370	$ 674,697	$ (3,068,121)	$ 40,883,429

(Continued)

	Domestic Fixed Communications Business	Mobile Communications Business	Internet Business	International Fixed Communications Business	Others	Total
Year ended December 31, 2019						
Revenues						
From external customers	$ 66,027,403	$ 74,880,047	$ 27,889,068	$ 10,282,592	$ 242,728	$ 179,321,838
Intersegment revenues	15,868,086	1,157,136	3,670,450	1,690,231	12,275	22,398,178
Segment revenues	$ 81,895,489	$ 76,037,183	$ 31,559,518	$ 11,972,823	$ 255,003	201,720,016
Intersegment elimination						(22,398,178)
Revenues						$ 179,321,838
Segments operating costs and expenses	$ 59,888,575	$ 53,854,703	$ 13,057,785	$ 10,154,672	$ 4,003,655	$ 140,959,390
Segment income (loss) before income tax	$ 20,795,017	$ 9,644,680	$ 11,561,837	$ 610,811	$ (2,349,753)	$ 40,262,592

(Concluded)

Other Segment Information

Other information reviewed by the chief operating decision maker or regularly provided to the chief operating decision maker was as follows:

	Domestic Fixed Communications Business	Mobile Communications Business	Internet Business	International Fixed Communications Business	Others	Total
Year ended December 31, 2020						
Share of profits of subsidiaries, associates and joint ventures accounted for using equity method	$ -	$ -	$ -	$ -	$ 1,216,137	$ 1,216,137
Interest income	$ 13,151	$ 252	$ 1,283	$ 1,368	$ 36,835	$ 52,889
Interest expenses	$ 6,060	$ 45,355	$ 892	$ 9,059	$ 110,292	$ 171,658
Depreciation and amortization	$ 14,249,950	$ 22,046,689	$ 2,680,473	$ 1,298,905	$ 307,397	$ 40,583,414
Capital expenditure	$ 11,482,779	$ 8,813,389	$ 1,319,687	$ 685,941	$ 438,816	$ 22,740,612
Gain on disposal of property, plant and equipment	$ 1,435,864	$ -	$ -	$ -	$ -	$ 1,435,864
Gain on disposal of investment properties	$ 151,357	$ -	$ -	$ -	$ -	$ 151,357
Reversal of impairment loss on investment properties	$ 27,066	$ -	$ -	$ -	$ -	$ 27,066
Year ended December 31, 2019						
Share of profits of subsidiaries, associates and joint ventures accounted for using equity method	$ -	$ -	$ -	$ -	$ 1,440,326	$ 1,440,326
Interest income	$ 15,156	$ 429	$ 1,305	$ 3,384	$ 136,825	$ 157,099
Interest expenses	$ 5,076	$ 44,058	$ 1,638	$ 10,927	$ 174	$ 61,873
Depreciation and amortization	$ 14,841,890	$ 20,924,992	$ 2,915,995	$ 1,389,964	$ 218,524	$ 40,291,365
Capital expenditure	$ 12,070,922	$ 7,755,829	$ 1,263,403	$ 982,893	$ 354,026	$ 22,427,073
Reversal of impairment loss on investment properties	$ 56,617	$ -	$ -	$ -	$ -	$ 56,617
Impairment loss on other assets	$ 13,191	$ -	$ 13,191	$ -	$ 17,589	$ 43,971

Main Products and Service Revenues

	Year Ended December 31	
	2020	2019
Mobile services revenue	$ 60,396,292	$ 62,808,959
Local telephone and domestic long distance telephone services revenue	26,495,555	27,949,534
Broadband access and domestic leased line services revenue	22,500,492	22,180,256
Data Communications internet services revenue	20,017,339	19,637,375
Sale of products	13,310,782	13,609,662
International network and leased line services revenue	3,367,177	6,513,830
Others	32,535,190	26,622,222
	$ 178,622,827	$ 179,321,838

Geographic Information

The users of the Company's services are mainly from Taiwan, ROC. The revenues it derived outside Taiwan are mainly revenues from international long distance telephone and leased line services. The geographic information for revenues was as follows:

	Year Ended December 31	
	2020	2019
Taiwan, ROC	$ 175,571,237	$ 172,531,947
Overseas	3,051,590	6,789,891
	$ 178,622,827	$ 179,321,838

The Company does not have material noncurrent assets in foreign operations.

Major Customers

As of December 31, 2020 and 2019, the Company did not have any single customer whose revenue exceeded 10% of the total revenues.

TABLE 1

CHUNGHWA TELECOM CO., LTD.

ENDORSEMENTS/GUARANTEES PROVIDED
YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Nature of Relationship (Note 2)											
1	Senao International Co., Ltd.	Aval Technologies Co., Ltd.	b	$ 591,338	$ 300,000	$ 300,000	$ 300,000	$ -	5.07	$ 2,956,690	Yes	No	No	Notes 3 and 4
		Wiin Technology Co., Ltd.	b	591,338	100,000	100,000	100,000	-	1.69	2,956,690	Yes	No	No	Notes 3 and 4

Note 1: Significant transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

a. "0" for the Company.
b. Subsidiaries are numbered from "1".

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:

a. A company with which it does business.
b. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
c. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
d. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
e. The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
f. All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
g. Companies in the same industry provide among themselves jointly and severally guarantee for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The limits on endorsement or guarantee amount provided to each guaranteed party is up to 10% of the net assets value of the latest financial statements of Senao International Co., Ltd.

Note 4: The total amount of endorsement or guarantee that the Company is allowed to provide is up to 50% of the net assets value of the latest financial statements of Senao International Co., Ltd.

TABLE 2

CHUNGHWA TELECOM CO., LTD.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2020				Note
				Shares (Thousands/ Thousand Units)	Carrying Value (Note 1)	Percentage of Ownership	Fair Value	
Chunghwa Telecom Co., Ltd.	Stocks							
	Taipei Financial Center Corp.	-	Financial assets at FVOCI	172,927	$ 4,163,227	12	$ 4,163,227	-
	Innovation Works Development Fund, L.P.	-	Financial assets at FVTPL - noncurrent	-	236,107	4	236,107	-
	Industrial Bank of Taiwan II Venture Capital Co., Ltd. (IBT II)	-	Financial assets at FVOCI	5,252	17,084	17	17,084	-
	Global Mobile Corp.	-	Financial assets at FVOCI	7,617	-	3	-	-
	Innovation Works Limited	-	Financial assets at FVOCI	1,000	3,698	2	3,698	-
	RPTI Intergroup International Ltd.	-	Financial assets at FVOCI	4,765	-	10	-	-
	Taiwan mobile payment Co., Ltd.	-	Financial assets at FVOCI	1,200	4,324	2	4,324	-
	Taiwania Capital Buffalo Fund Co., Ltd.	-	Financial assets at FVTPL - noncurrent	600,000	441,095	13	441,095	-
	China Airlines, Ltd.	-	Financial assets at FVOCI	216,639	2,610,501	4	2,610,501	Note 2
	4 Gamers Entertainment Inc.	-	Financial assets at FVOCI	136	103,556	19.9	103,556	-
	UUPON Inc.	-	Financial assets at FVOCI	246	1,289	4	1,289	-
Senao International Co., Ltd.	Stocks							
	N.T.U. Innovation Incubation Corporation	-	Financial assets at FVOCI	1,200	9,444	9	9,444	-
	UUPON Inc.	-	Financial assets at FVOCI	109	573	2	573	-
CHIEF Telecom Inc.	Stocks							
	3 Link Information Service Co., Ltd.	-	Financial assets at FVOCI	374	1,220	10	1,220	-
	WPG Holdings Limited	-	Financial assets at FVTPL - current	9	448	-	448	Note 2
	WPG Holdings Limited	-	Financial assets at FVOCI	1,736	86,974	-	86,974	Note 2
	Taichung Commercial Bank Co., Ltd.	-	Financial assets at FVTPL - current	662	7,178	-	7,178	Note 2
Chunghwa Investment Co., Ltd.	Stocks							
	Tatung Technology Inc.	-	Financial assets at FVOCI	4,571	127,431	11	127,431	-
	iSing99 Inc.	-	Financial assets at FVOCI	10,000	-	7	-	-
	Powtec ElectroChemical Corporation	-	Financial assets at FVOCI	20,000	-	2	-	-
	Bossdom Digiinnovation Co., Ltd.	-	Financial assets at FVOCI	2,000	56,700	7	56,700	Note 2
Chunghwa Hsingta Co., Ltd.	Stocks							
	Cotech Engineering Fuzhou Corp.	-	Financial assets at FVOCI	-	7,153	5	7,153	-

Note 1: Showed at carrying amounts with fair value adjustments.

Note 2: Fair value was based on the closing price on December 31, 2020.

TABLE 3

CHUNGHWA TELECOM CO., LTD.

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares (Thousands/ Thousand Units)	Amount	Shares (Thousands/ Thousand Units)	Amount	Shares (Thousands/ Thousand Units)	Amount	Carrying Value	Gain on Disposal	Shares (Thousands/ Thousand Units)	Amount
Chunghwa Telecom Co., Ltd.	Stocks China Airlines, Ltd.	Financial assets at FVOCI	-	-	263,622	$ 3,092,287 (Note)	-	$ -	46,983	$ 567,797	$ 551,111 (Note)	$ 16,686	216,639	$ 2,541,176 (Note)

Note: Showing at their original investment amounts without adjustments for fair values.

TABLE 4

CHUNGHWA TELECOM CO., LTD.

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty is a Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Chunghwa Telecom Co., Ltd.	Land that specific office building is located on	2020.05.06	$ 3,243,689	$1,056,680 to be paid	MOTC	Major Shareholder	None	None	None	None	Assessed value from National Property Administration	Operating purpose	-
	Buildings	2020.10.06	1,305,067	Not applicable (Note)	Kindom Development Co., Ltd	-	Not applicable	Not applicable	Not applicable	Not applicable	Assessed value from real estate appraisal report	Leasing purpose	-
Chunghwa Precision Test Tech. Co., Ltd.	Electrical and mechanical engineering and fit-out constructions for buildings	2020.07.03-2020.10.05	173,120	Monthly settlement based on the construction progress and acceptance	Fu Tsu Construction Co., Ltd.	-	Not applicable	Not applicable	Not applicable	Not applicable	Bidding, price comparison and price negotiation	Manufacturing purpose	-

Note: This is the urban renewal project for the asset exchange transaction for trade-in buildings. Please refer to Note14 for details.

TABLE 5

CHUNGHWA TELECOM CO., LTD.

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Chunghwa Telecom Co., Ltd.	Land	2020.08.05	2017.12.20, 2004.07.07 and 2004.12.16	$ 75,555	$ 385,760	Collected	$ 310,205	Chunghwa Post Co., Ltd.	Others	Asset activation	Real estate appraisal report	-
	Land	2020.10.06	2000.07.24	37,087	1,305,067	Not applicable (Note)	1,267,980	Kindom Development Co., Ltd.	-	Participation in government-led urban renewal project	Real estate appraisal report	-

Note: This is the urban renewal project for the asset exchange transaction for trade-in buildings. Please refer to Note14 for details.

TABLE 6

CHUNGHWA TELECOM CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes / Accounts Payable or Receivable	
			Purchases/Sales (Note 1)	Amount (Notes 2)	% to Total	Payment Terms	Units Price	Payment Terms	Ending Balance (Notes 3)	% to Total
Chunghwa Telecom Co., Ltd.	Senao International Co., Ltd.	Subsidiary	Sales	$ 3,164,854	2	30 days	$ -	-	$ 642,604	3
			Purchase	676,125	1	30-90 days	-	-	(753,706)	(5)
	Aval Technologies Co., Ltd.	Subsidiary	Purchase	224,122	-	30 days	-	-	(37,085)	-
	Senyoung Insurance Agent Co., Ltd.	Subsidiary	Sales	107,879	-	90 days	-	-	45,799	-
	CHIEF Telecom Inc.	Subsidiary	Sales	406,642	-	30 days	-	-	59,926	-
			Purchase	122,025	-	60 days	-	-	(22,164)	-
	Chunghwa System Integration Co., Ltd.	Subsidiary	Purchase	1,293,906	1	30 days	-	-	(345,168)	(2)
	CHYP Multimedia Marketing & Communications Co., Ltd.	Subsidiary	Purchase	110,915	-	30 days	-	-	(36,588)	-
	Honghwa International Co., Ltd.	Subsidiary	Sales	268,779	-	30-60 days	-	-	49,555	-
		Subsidiary	Purchase	5,536,303	5	30-60 days	-	-	(682,373)	(4)
	Donghwa Telecom Co., Ltd.	Subsidiary	Sales	178,470	-	30 days	-	-	31,020	-
		Subsidiary	Purchase	451,365	-	90 days	-	-	(144,874)	(1)
	Chunghwa Telecom Global, Inc.	Subsidiary	Purchase	313,914	-	90 days	-	-	(35,056)	-
	Chunghwa Telecom Singapore Pte., Ltd.	Subsidiary	Purchase	157,772	-	30 days	-	-	(66,693)	-
	CHT Security Co., Ltd.	Subsidiary	Purchase	338,666	-	30 days	-	-	(109,857)	(1)
	International Integrated Systems, Inc.	Subsidiary	Purchase	400,195	-	30 days	-	-	(235,565)	(2)
	Taiwan International Standard Electronics Co., Ltd.	Associate	Purchase	591,195	1	30-90 days	-	-	(488,244)	(3)
	Next Commercial Bank Co., Ltd.	Associate	Sales	1,245,178	1	30-60 days	-	-	192,000	1
Senao International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	5,839,843	22	30-90 days	-	-	753,496	44
			Purchase	2,998,442	13	30 days	-	-	(598,985)	(31)
	Aval Technologies Co., Ltd.	Subsidiary	Sales	312,968	1	60 days	-	-	136,785	8
			Purchase	286,553	1	30 days	-	-	(9,660)	(1)
	Senyoung Insurance Agent Co., Ltd.	Subsidiary	Sales	124,628	-	30 days	-	-	45,070	3
CHIEF Telecom Inc.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	254,402	10	60 days	-	-	33,122	15
			Purchase	406,101	29	30 days	-	-	(59,926)	(51)
Chunghwa System Integration Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	1,597,664	76	30 days	-	-	342,578	67
CHYP Multimedia Marketing & Communications Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	110,915	27	30 days	-	-	34,238	44
Honghwa International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	5,641,817	97	30-60 days	-	-	681,107	94
Donghwa Telecom Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	451,365	40	90 days	-	-	144,874	39
			Purchase	178,470	16	30 days	-	-	(31,020)	(19)
Chunghwa Telecom Global, Inc.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	313,914	53	90 days	-	-	35,056	67
Chunghwa Telecom Singapore Pte., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	157,772	12	30 days	-	-	66,693	19
CHT Security Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	362,082	38	30 days	-	-	109,813	33
International Integrated System, Inc.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	400,195	15	30 days	-	-	235,565	47
Aval Technologies Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	224,122	1	30 days	-	-	37,085	2
	Youth Co., Ltd.	Fellow subsidiary	Sales	131,466	-	30 days	-	-	19,955	1

Note 1: Purchases include costs to acquire services.

Note 2: The differences were because Chunghwa Telecom Co., Ltd. and subsidiaries classified the amount as incremental costs of obtaining contracts, property, plant and equipment, intangible assets, and operating expenses.

Note 3: Notes and accounts receivable did not include the amounts collected for others and other receivables.

Note 4: Transaction terms with related parties were determined in accordance with mutual agreements when there were no similar transactions with third parties. Other transactions with related parties were not significantly different from those with third parties.

TABLE 7

CHUNGHWA TELECOM CO., LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate (Note)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amounts	Action Taken		
Chunghwa Telecom Co., Ltd.	Senao International Co., Ltd.	Subsidiary	$ 816,927	11.18	$ -	-	$ 800,156	$ -
	Next Commercial Bank Co., Ltd.	Associate	192,000	6.25	-	-	-	-
Senao International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	891,312	7.53	-	-	103,851	-
	Aval Technologies Co., Ltd.	Subsidiary	136,808	3.52	-	-	77,628	-
Chunghwa System Integration Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	342,578	3.19	-	-	208,487	-
Honghwa International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	681,107	7.68	-	-	202,685	-
CHT Security Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	109,813	1.08	-	-	103,935	-
International Integrated Systems, Inc.	Chunghwa Telecom Co., Ltd.	Parent company	216,269	3.30	-	-	216,269	-
Donghwa Telecom Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent company	144,874	3.03	-	-	107,027	-

Note: Payments and receipts collected in trust for others are excluded from the accounts receivable in calculating the turnover rate.

TABLE 8

CHUNGHWA TELECOM CO., LTD.

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTEES IN MAINLAND CHINA)
YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1, 2 and 3)	Note
				December 31, 2020	December 31, 2019	Shares (Thousands)	Percentage of Ownership (%)	Carrying Value (Note 3)			
Chunghwa Telecom Co., Ltd.	Senao International Co., Ltd.	Taiwan	Handset and peripherals retailer; sales of CHT mobile phone plans as an agent	$ 1,065,813	$ 1,065,813	71,773	28	$ 1,630,230	$ 436,717	$ 117,500	Subsidiary
	Light Era Development Co., Ltd.	Taiwan	Planning and development of real estate and intelligent buildings, and property management	3,000,000	3,000,000	300,000	100	3,853,234	15,160	9,673	Subsidiary
	Donghwa Telecom Co., Ltd.	Hong Kong	International private leased circuit, IP VPN service, and IP transit services	1,567,453	1,567,453	402,590	100	1,486,252	7,379	7,379	Subsidiary
	Chunghwa Telecom Singapore Pte., Ltd.	Singapore	International private leased circuit, IP VPN service, and IP transit services	574,112	574,112	26,383	100	1,013,529	116,771	116,791	Subsidiary
	Chunghwa System Integration Co., Ltd.	Taiwan	Providing system integration services and telecommunications equipment	838,506	838,506	60,000	100	725,213	12,840	13,254	Subsidiary
	CHIEF Telecom Inc.	Taiwan	Network integration, internet data center ("IDC"), communications integration and cloud application services	459,652	459,652	39,426	56	1,785,968	607,779	348,533	Subsidiary
	Chunghwa Investment Co., Ltd.	Taiwan	Investment	639,559	639,559	68,085	89	3,017,569	317,590	282,776	Subsidiary
	Prime Asia Investments Group Ltd. (B.V.I.)	British Virgin Islands	Investment	385,274	385,274	1	100	163,121	(19,434)	(19,434)	Subsidiary
	Honghwa International Co., Ltd.	Taiwan	Telecommunication engineering, sales agent of mobile phone plan application and other business services, etc.	180,000	180,000	18,000	100	491,985	229,464	213,346	Subsidiary
	CHYP Multimedia Marketing & Communications Co., Ltd.	Taiwan	Digital information supply services and advertisement services	150,000	150,000	15,000	100	194,399	17,358	17,064	Subsidiary
	Chunghwa Telecom Vietnam Co., Ltd.	Vietnam	Intelligent energy saving solutions, international circuit, and information and communication technology ("ICT") services.	148,275	148,275	-	100	90,887	(2,380)	(2,380)	Subsidiary
	Chunghwa Telecom Global, Inc.	United States	International private leased circuit, internet services, and transit services	70,429	70,429	6,000	100	402,623	73,147	75,078	Subsidiary
	CHT Security Co., Ltd.	Taiwan	Computing equipment installation, wholesale of computing and business machinery equipment and software, management consulting services, data processing services, digital information supply services and internet identify services	240,000	240,000	24,000	80	329,943	124,159	93,983	Subsidiary
	Chunghwa Telecom (Thailand) Co., Ltd.	Thailand	International private leased circuit, IP VPN service, ICT and cloud VAS services	119,624	119,624	1,300	100	110,163	2,050	2,050	Subsidiary
	Spring House Entertainment Tech. Inc.	Taiwan	Software design services, internet contents production and play, and motion picture production and distribution	41,941	41,941	8,251	56	126,947	44,962	25,197	Subsidiary
	Chunghwa leading Photonics Tech Co., Ltd.	Taiwan	Production and sale of electronic components and finished products	70,500	70,500	7,050	75	123,967	10,264	12,287	Subsidiary
	Smartfun Digital Co., Ltd.	Taiwan	Providing diversified family education digital services	65,000	65,000	6,500	65	74,055	9,804	6,369	Subsidiary
	Chunghwa Telecom Japan Co., Ltd.	Japan	International private leased circuit, IP VPN service, and IP transit services	17,291	17,291	1	100	90,099	13,478	13,478	Subsidiary
	Chunghwa Sochamp Technology Inc.	Taiwan	Design, development and production of Automatic License Plate Recognition software and hardware	20,400	20,400	2,040	51	(5,039)	(2,015)	5,047	Subsidiary
	International Integrated Systems, Inc.	Taiwan	IT solution provider, IT application consultation, system integration and package solution	517,423	283,500	37,211	51	593,049	169,948	49,633	Subsidiary

(Continued)

CHUNGHWA TELECOM CO., LTD.

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1, 2 and 3)	Note
				December 31, 2020	December 31, 2019	Shares (Thousands)	Percentage of Ownership (%)	Carrying Value (Note 3)			
	Viettel-CHT Co., Ltd.	Vietnam	IDC services	$ 288,327	$ 288,327	-	30	$ 363,522	$ 307,323	$ 92,228	Associate
	Taiwan International Standard Electronics Co., Ltd.	Taiwan	Manufacturing, selling, designing, and maintaining of telecommunications systems and equipment	164,000	164,000	1,760	40	330,031	294,205	150,477	Associate
	KKBOX Taiwan Co., Ltd.	Taiwan	Providing of music on-line, software, electronic information, and advertisement services	67,025	67,025	4,438	30	163,809	46,987	14,038	Associate
	So-net Entertainment Taiwan Limited	Taiwan	Online service and sale of computer hardware	120,008	120,008	9,429	30	226,647	124,759	37,428	Associate
	KingwayTek Technology Co., Ltd.	Taiwan	Publishing books, data processing and software services	66,684	66,684	8,688	23	249,044	5,484	2,156	Associate
	Taiwan International Ports Logistics Corporation	Taiwan	Import and export storage, logistic warehouse, and ocean shipping service	80,000	80,000	8,000	27	55,925	18,514	4,946	Associate
	UUPON Inc.	Taiwan	Information technology service and general advertisement service	97,598	97,598	246	4	-	(40,580)	(6,103)	Associate (Note 5)
	Alliance Digital Tech Co., Ltd.	Taiwan	Development of mobile payments and information processing service	60,000	60,000	6,000	14	5,080	-	-	Associate
	Chunghwa PChome Fund I Co., Ltd.	Taiwan	Investment, venture capital, investment advisor, management consultant and other consultancy service	200,000	200,000	20,000	50	192,856	(2,450)	(1,225)	Associate
	Cornerstone Ventures Co., Ltd.	Taiwan	Investment, venture capital, investment advisor, management consultant and other consultancy service	4,900	4,900	490	49	6,058	1,125	551	Associate
	Next Commercial Bank Co., Ltd.	Taiwan	Online banking business	4,190,000	4,190,000	419,000	42	3,776,876	(605,419)	(297,292)	Associate
	Chunghwa SEA Holdings	Taiwan	Investment business	10,200	-	1,020	51	10,200	-	-	Joint venture
Senao International Co., Ltd.	Senao Networks, Inc.	Taiwan	Telecommunication facilities manufactures and sales	202,758	202,758	16,579	34	991,610	376,365	127,184	Associate
	Senao International (Samoa) Holding Ltd.	Samoa Islands	International investment	2,253,828	2,333,620	74,975	100	232,099	(24,526)	(24,526)	Subsidiary
	UUPON Inc.	Taiwan	Information technology service and general advertisement service	24,000	24,000	109	2	-	(40,580)	(2,715)	Associate (Note 5)
	Youth Co., Ltd.	Taiwan	Sale of information and communication technologies products	427,850	364,950	14,752	96	231,976	1,404	(16,418)	Subsidiary
	Aval Technologies Co., Ltd.	Taiwan	Sale of information and communication technologies products	89,550	89,550	10,060	100	110,508	8,656	8,658	Subsidiary
	Senyoung Insurance Agent Co., Ltd.	Taiwan	Property and liability insurance agency	59,000	59,000	5,900	100	90,862	30,144	30,120	Subsidiary
CHIEF Telecom Inc.	Unigate Telecom Inc.	Taiwan	Telecommunications and internet service	2,000	2,000	200	100	980	94	94	Subsidiary
	Chief International Corp.	Samoa Islands	Telecommunications and internet service	6,068	6,068	200	100	78,699	9,338	9,338	Subsidiary
Chunghwa Telecom Singapore Pte., Ltd.	ST-2 Satellite Ventures Pte., Ltd.	Singapore	Operation of ST-2 telecommunications satellite	409,061	409,061	18,102	38	488,257	280,191	106,472	Associate
Chunghwa Investment Co., Ltd.	Chunghwa Precision Test Tech. Co., Ltd.	Taiwan	Production and sale of semiconductor testing components and printed circuit board	178,608	178,608	11,230	34	2,414,555	933,693	319,786	Subsidiary
	CHIEF Telecom Inc.	Taiwan	Network integration, internet data center ("IDC"), communications integration and cloud application services	19,064	19,064	2,078	3	88,104	607,779	18,051	Associate
	Senao International Co., Ltd.	Taiwan	Selling and maintaining mobile phones and its peripheral products	49,731	49,731	1,001	-	43,664	436,717	1,693	Associate

(Continued)

CHUNGHWA TELECOM CO., LTD.

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Recognized Gain (Loss) (Notes 1, 2 and 3)	Note
				December 31, 2020	December 31, 2019	Shares (Thousands)	Percentage of Ownership (%)	Carrying Value (Note 3)			
Chunghwa Precision Test Tech. Co., Ltd.	Chunghwa Precision Test Tech USA Corporation	United States	Design and after-sale services of semiconductor testing components and printed circuit board	$ 12,636	$ 12,636	400	100	$ 23,847	$ 755	$ 755	Subsidiary
	CHPT Japan Co., Ltd.	Japan	Related services of electronic parts, machinery processed products and printed circuit board	2,008	2,008	1	100	2,472	89	89	Subsidiary
	Chunghwa Precision Test Tech. International, Ltd.	Samoa Islands	Wholesale and retail of electronic materials, and investment	116,790	116,790	3,700	100	92,315	8,441	8,956	Subsidiary
Prime Asia Investments Group, Ltd. (B.V.I.)	Chunghwa Hsingta Co., Ltd.	Hong Kong	Investment	375,274	375,274	1	100	163,121	(19,434)	(19,434)	Subsidiary
	MeWorks Limited (HK)	Hong Kong	Investment	-	10,000	-	-	-	-	-	Associate
Senao International (Samoa) Holding Ltd.	Senao International HK Limited	Hong Kong	International investment	2,248,963	2,328,754	80,440	100	212,814	(24,766)	(24,766)	Subsidiary
Youth Co., Ltd.	ISPOT Co., Ltd.	Taiwan	Sale of information and communication technologies products	53,021	53,021	-	100	10,562	1,656	1,464	Subsidiary
	Youyi Co., Ltd.	Taiwan	Maintenance of information and communication technologies products	21,354	21,354	-	100	18,145	1,234	993	Subsidiary
Aval Technologies Co., Ltd.	Wiin Technology Co., Ltd.	Taiwan	Sale of information and communication technologies products	29,550	29,550	2,955	100	33,476	3,695	3,695	Subsidiary
Senyoung Insurance Agent Co., Ltd.	Senaolife Insurance Agent Co., Ltd.	Taiwan	Life insurance services	29,500	29,500	2,950	100	26,186	(3,034)	(3,034)	Subsidiary
CHYP Multimedia Marketing & Communications Co., Ltd	Click Force Marketing Company	Taiwan	Advertisement services	44,607	44,607	1,078	49	33,086	3,998	(209)	Associate
International Integrated Systems, Inc.	Infoexplorer International Co., Ltd.	Samoa	Investment	24,806	24,806	795	100	27,018	850	850	Subsidiary
	IISI Investment Co., Ltd.	Mauritius	Investment	81,302	81,302	244	100	28,990	(10,872)	(10,872)	Subsidiary
	Unitronics Technology Corp.	Taiwan	Development and maintenance of information system	55,569	55,569	5,065	99.96	69,867	7,783	7,780	Subsidiary
Infoexplorer International Co., Ltd.	International Integrated Systems (Hong Kong) Limited	Hong Kong	Investment and engaging in technical consulting service	24,336	24,336	780	100	27,011	870	870	Subsidiary
IISI Investment Co., Ltd.	Leading Tech Co., Ltd.	Mauritius	Investment	65,374	65,374	316	100	18,466	(10,587)	(10,587)	Subsidiary
Leading Tech Co., Ltd.	Leading Systems Co., Ltd.	Mauritius	Investment	100,693	100,693	300	100	13,615	(10,588)	(10,588)	Subsidiary

Note 1: The amounts were based on audited financial statements.

Note 2: Recognized gain (loss) of investees includes amortization of differences between the investment cost and net value and elimination of unrealized transactions.

Note 3: Recognized gain (loss) and carrying value of the investees did not include the adjustment of the difference between the accounting treatment on standalone basis and consolidated basis as a result of the application of IFRS 15.

Note 4: Investments in mainland China are included in Table 9.

Note 5: UUPON Inc. was transferred to financial assets at fair value through other comprehensive income.

(Concluded)

TABLE 9

CHUNGHWA TELECOM CO., LTD.

INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020	Note
					Outflow	Inflow							
Senao Trading (Fujian) Co., Ltd.	Sale of information and communication technologies products	$ 1,073,170	2	$ 1,073,170	$ -	$ -	$ 1,073,170	$ -	100	$ -	$ -	$ -	Note 8
Senao International Trading (Shanghai) Co., Ltd.	Sale of information and communication technologies products	955,838	2	955,838	-	-	955,838	(21,189)	100	(21,189)	29,402	-	Note 9
Senao International Trading (Shanghai) Co., Ltd. (Note 15)	Maintenance of information and communication technologies products	26,053	2	26,053	-	-	26,053	-	100	-	-	-	Note 10
Senao International Trading (Jiangsu) Co., Ltd.	Sale of information and communication technologies products	183,944	2	263,736	-	79,792	183,944	-	100	-	-	-	Note 11
Chunghwa Telecom (China) Co., Ltd.	Integrated information and communication solution services for enterprise clients, and intelligent energy network service	177,176	2	177,176	-	-	177,176	(12,712)	100	(12,712)	32,224	-	Note 13
Jiangsu Zhenghua Information Technology Company, LLC	Providing intelligent energy saving solution and intelligent buildings services	189,410	2	142,057	-	-	142,057	-	75	-	-	-	Note 12
Shanghai Taihua Electronic Technology Limited	Design of printed circuit board and related consultation service	51,233	2	51,233	-	-	51,233	(9,675)	100	(9,675)	16,490	-	-
Su Zhou Precision Test Tech. Ltd.	Assembly processed of circuit board, design of printed circuit board and related consultation service	62,340	2	62,340	-	-	62,340	18,127	100	18,127	78,314	-	-
Shanghai Chief Telecom Co., Ltd.	Telecommunications and internet service	10,150	1	4,973	-	-	4,973	5,047	49	2,473	13,561	-	-
International Integrated Systems Inc. (Shanghai)	Development and maintenance of information system	48,753	2	39,923	-	-	39,923	(10,588)	100	(10,588)	18,550	-	-

(Continued)

Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020	Note
					Outflow	Inflow							
Huiyu Shanghai Management Consultancy Co., Ltd.	Development and maintenance of information system	$ 13,670	3	$ -	$ -	$ -	$ -	$ (4,093)	100	$ (4,093)	$ -	$ -	Note 14

Investee	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA
SENAO and its subsidiaries (Note 3)	$ 2,239,005	$ 2,239,005	$ 3,556,272
Chunghwa Telecom (China) Co., Ltd. (Note 4)	177,176	177,176	233,555,074
Jiangsu Zhenghua Information Technology Company, LLC (Note 4)	142,057	142,057	233,555,074
Chunghwa Precision Test Tech Co., Ltd and its subsidiaries (Note 5)	113,573	159,725	4,229,876
Shanghai Chief Telecom Co., Ltd. (Note 6)	4,973	4,973	1,794,361
IISI and its subsidiaries (Note 7)	39,923	39,923	640,718

Note 1: Investments are divided into three categories as follows:

a. Direct investment.
b. Investments through a holding company registered in a third region.
c. Others.

Note 2: The amounts were calculated based on the investee's audited financial statements.

Note 3: Senao International Co., Ltd. and its subsidiaries were calculated based on the consolidated net assets value of Senao International Co., Ltd.

Note 4: Chunghwa Telecom (China) Co., Ltd. and Jiangsu Zhenghua Information Technology Company, LLC were calculated based on the consolidated net assets value of Chunghwa Telecom Co., Ltd.

Note 5: Chunghwa Precision Test Tech. Co., Ltd. and its subsidiaries were calculated based on the consolidated net assets value of Chunghwa Precision Test Tech. Co., Ltd

Note 6: Shanghai Chief Telecom Co., Ltd. was calculated based on the consolidated net assets value of CHIEF Telecom Inc.

Note 7: IISI and its subsidiaries were calculated based on the consolidated net assets value of IISI.

Note 8: The liquidation of Senao Trading (Fujian) Co., Ltd. was completed in May 2019.

Note 9: Senao International Trading (Shanghai) Co., Ltd. was approved to end and dissolve its business in December 2020. The liquidation of Senao International Trading (Shanghai) Co., Ltd. is still in process.

Note 10: The liquidation of Senao International Trading (Shanghai) Co., Ltd. was completed in March 2018.

Note 11: The liquidation of Senao International Trading (Jiangsu) Co., Ltd. was completed in March 2019.

Note 12: The liquidation of Jiangsu Zhenhua Information Technology Company, LLC. was completed in December 2018.

Note 13: Chunghwa Telecom (China) Co., Ltd. was approved to end and dissolve its business in August 2020. The liquidation of Chunghwa Telecom (China) Co., Ltd. is still in process.

Note 14: The liquidation of Huiyu Shanghai Management Consultancy Co., Ltd. was completed in December 2020.

Note 15: The English name is the same as the above entity; however, the Chinese name included in the respective Articles of Incorporation is different from the above entity.

(Concluded)

TABLE 10

CHUNGHWA TELECOM CO., LTD.

INFORMATION OF MAJOR STOCKHOLDERS
DECEMBER 31, 2020

Name of Major Stockholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Ministry of Transportation and Communications	2,737,718,976	35.29
Shin Kong Life Insurance Co., Ltd.	551,639,184	7.11

Note: This table presents information provided by the Taiwan Depository & Clearing Corporation on stockholders holding greater than 5% of Chunghwa's dematerialized securities that have completed the process of registration and delivery by book-entry transfer as of the last business day for the current quarter.

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STATEMENT 1

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Period	Annual Interest Rate / Earnings Rate	Amount
Cash			
Cash on hand			$ 125,611
Bank deposits			
Checking deposits			1,608,252
Demand deposits			2,855,144
			4,463,396
Cash equivalents			
Commercial paper			
Grand Bills Finance Corporation	2020.12.02-2021.01.25	0.21%-0.24%	2,747,622
Ta Ching Bills Finance Corporation	2020.12.02-2021.01.15	0.21%-0.23%	2,198,905
Taiwan Cooperative Bills Finance Corporation	2020.12.04-2021.01.15	0.21%-0.26%	1,847,866
Taishin International Bank Co., Ltd.	2020.12.02-2021.01.15	0.21%-0.24%	1,599,091
Taiwan Finance Corporation	2020.12.01-2021.01.15	0.21%-0.24%	1,558,131
China Bills Finance Corporation	2020.12.07-2021.01.25	0.20%-0.26%	1,178,811
Dah Chung Bills Finance Corp.	2020.12.30-2021.01.25	0.22%	499,748
Mega Bills Finance Co., Ltd.	2020.12.21-2021.01.11	0.22%	469,755
CTBC Bank Co., Ltd.	2020.12.31-2021.01.11	0.14%	399,924
International Bills Finance Corporation	2020.12.29-2021.01.15	0.22%-0.23%	399,849
			12,899,702
Negotiable certificates of deposit	2020.11.27-2021.01.11	0.24%-0.30%	2,600,000
Triple stimulus vouchers			1,344
			15,501,046
			$ 20,090,053

Note: Including USD7,268 thousand @28.48, EUR339 thousand @35.02, JPY1,744 thousand @0.276, SGD3 thousand @21.56 and HKD18,706 thousand @3.673.

STATEMENT 2

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS-NONCURRENT
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Investee Company	Balance, January 1, 2020		Additions in Investment		Decrease in Investment		Balance, December 31, 2020			Note
	Shares (In Thousand)	Amount	Shares (In Thousand)	Amount	Shares (In Thousand)	Amount	Shares (In Thousand)	Percentage of Ownership (%)	Amount	
Financial assets at fair value through profit or loss										
Taiwania Capital Buffalo Fund Co., Ltd.	600,000	$ 510,801	-	$ -	-	$ 69,706	600,000	12.90	$ 441,095	Note
Innovation Works Development Fund, L.P.	-	267,304	-	-	-	31,197	-	3.55	236,107	Note
		$ 778,105		$ -		$ 100,903			$ 677,202	

Note: Change in investment was fair value adjustments.

STATEMENT 3

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF TRADE NOTES AND ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Mobile broadband services revenue	$ 5,749,848
Project services revenue	4,865,304
Leased line services revenue	3,552,670
Internet and value-added services revenue	2,143,720
Local telephone services revenue	1,863,557
Others (Note)	3,496,260
	21,671,359
Less: Loss allowance	(2,116,716)
	$ 19,554,643

Note: The amount of individual item included in others does not exceed 5% of the account balance.

STATEMENT 4

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF INVENTORIES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Market Price (Note)
Merchandise	$ 1,696,390	$ 2,221,925
Project in process	5,350,296	6,987,264
	$ 7,046,686	$ 9,209,189

Note: Amount of net realizable value.

STATEMENT 5

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME-NONCURRENT
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Investee Company	Balance, January 1, 2020		Additions in Investment		Decrease in Investment		Balance, December 31, 2020			Note
	Shares (In Thousand)	Amount	Shares (In Thousand)	Amount	Shares (In Thousand)	Amount	Shares (In Thousand)	Percentage of Ownership (%)	Amount	
Financial assets at fair value through other comprehensive income										
Listed stocks										
China Airlines, Ltd.	263,622	$ 2,388,416	-	$ 789,882	46,983	$ 567,797	216,639	4.00	$ 2,610,501	Note 2
Non-listed stocks										
Taipei Financial Center Corp.	172,927	4,388,984	-	-	-	225,757	172,927	11.76	4,163,227	Note 1
Industrial Bank of Taiwan II Venture Capital Co., Ltd. (IBT II)	5,252	17,084	-	-	-	-	5,252	16.67	17,084	Note 1
Global Mobile Corp.	7,617	-	-	-	-	-	7,617	2.76	-	
Innovation Works Limited	1,000	4,078	-	-	-	380	1,000	1.93	3,698	Note 1
RPTI Intergroup International Ltd.	4,765	-	-	-	-	-	4,765	10.19	-	
Taiwan mobile payment Co., Ltd.	1,200	4,510	-	-	-	186	1,200	2.00	4,324	Note 1
4 Gamers Entertainment Inc.	136	120,243	-	-	-	16,687	136	19.93	103,556	Note 1
UUPON Inc.	-	-	246	1,289	-	-	246	3.71	1,289	Note 3
		$ 6,923,315		$ 791,171		$ 810,807			$ 6,903,679	

Note 1: Change in investment was fair value adjustments.

Note 2: Addition in investment was fair value adjustments. Decrease in investment was due to the disposal a portion of equity interests.

Note 3: Addition in investment was the reclassification from an associate to financial assets at fair value through other comprehensive income and fair value adjustments.

STATEMENT 6

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Investee Company	Balance, January 1, 2020		Additions in Investment		Decrease in Investment		Increase (Decrease) in Using the Equity Method	Balance, December 31, 2020			Market Value / Net Asset Value	Note
	Shares (In Thousand)	Amount	Shares (In Thousand)	Amount	Shares (In Thousand)	Amount		Shares (In Thousand)	Percentage of Ownership (%)	Amount		
Investments accounted for using equity method												
Subsidiaries												
Listed stocks												
Senao International Co., Ltd.	71,773	$ 456,545	-	$ -	-	$ 104,071	$ (58,193)	71,773	28	$ 294,281	$ 2,547,942	Notes 2 and 3
CHIEF Telecom Inc.	39,426	1,729,189	-	-	-	315,406	372,185	39,426	56	1,785,968	13,976,517	Notes 2 and 3
Non-listed stocks												
Light Era Development Co., Ltd.	300,000	3,850,095	-	-	-	6,534	9,673	300,000	100	3,853,234	3,867,424	Notes 1 and 3
Donghwa Telecom Co., Ltd.	402,590	1,627,491	-	-	-	76,593	(64,646)	402,590	100	1,486,252	1,486,252	Notes 1 and 3
Chunghwa Telecom Singapore Pte., Ltd.	26,383	935,228	-	-	-	-	78,301	26,383	100	1,013,529	1,013,500	Note 1
Chunghwa System Integration Co., Ltd.	60,000	717,883	-	-	-	6,345	13,675	60,000	100	725,213	657,522	Notes 1 and 3
Chunghwa Investment Co., Ltd.	68,085	3,130,389	-	-	-	272,340	159,520	68,085	89	3,017,569	3,093,298	Notes 1 and 3
Prime Asia Investments Group Ltd. (B.V.I.)	1	182,989	-	-	-	-	(19,868)	1	100	163,121	163,121	Note 1
Honghwa International Co., Ltd.	18,000	411,291	-	-	-	143,630	220,243	18,000	100	487,904	524,533	Notes 1 and 3
CHYP Multimedia Marketing & Communications Co., Ltd.	15,000	190,972	-	-	-	13,637	17,064	15,000	100	194,399	194,082	Notes 1 and 3
Spring House Entertainment Tech. Inc.	8,251	110,357	-	-	-	8,663	25,253	8,251	56	126,947	111,211	Notes 1 and 3
Chunghwa Telecom Global, Inc.	6,000	347,380	-	-	-	-	55,243	6,000	100	402,623	397,385	Note 1
Chunghwa Telecom Vietnam Co., Ltd.	-	98,221	-	-	-	-	(7,334)	-	100	90,887	90,887	Note 1
Smartfun Digital Co., Ltd.	6,500	73,688	-	-	-	6,002	6,369	6,500	65	74,055	74,242	Notes 1 and 3
Chunghwa Telecom Japan Co., Ltd.	1	76,567	-	-	-	-	13,532	1	100	90,099	90,099	Note 1
Chunghwa Sochamp Technology Inc.	2,040	(10,086)	-	-	-	-	5,047	2,040	51	(5,039)	5,027	Note 1
Chunghwa Leading Photonics Tech. Co., Ltd.	7,050	111,680	-	-	-	-	12,287	7,050	75	123,967	126,645	Note 1
Chunghwa Telecom (Thailand) Co., Ltd.	1,300	114,231	-	-	-	-	(4,068)	1,300	100	110,163	110,163	Note 1
CHT Security Co., Ltd.	24,000	306,851	-	-	-	70,891	93,983	24,000	80	329,943	352,683	Notes 1 and 3
International Integrated Systems, Inc.	-	-	37,211	561,210	-	-	31,839	37,211	51	593,049	546,732	Notes 1 and 7
		14,460,961		561,210		1,024,112	960,105			14,958,164		
Associates												
Listed stocks												
KingwayTek Technology Co., Ltd.	7,898	253,021	790	-	-	553	(3,424)	8,688	23	249,044	675,911	Notes 2, 3 and 4
Non-listed stocks												
International Integrated System, Inc.	22,498	340,240	-	-	22,498	353,687	13,447	-	-	-	-	Notes 3 and 6
Viettel-CHT Co., Ltd.	-	316,535	-	-	-	26,769	73,756	-	30	363,522	363,522	Notes 1 and 3
Taiwan International Standard Electronics Co., Ltd.	1,760	272,166	-	-	-	89,558	147,423	1,760	40	330,031	403,593	Notes 1 and 3
KKBOX Taiwan Co., Ltd.	4,438	150,789	-	-	-	-	13,020	4,438	30	163,809	124,568	Note 1
So-net Entertainment Taiwan Limited	9,429	189,396	-	-	-	-	37,251	9,429	30	226,647	208,792	Note 1
Alliance Digital Tech Co., Ltd.	6,000	5,080	-	-	-	-	-	6,000	14	5,080	5,080	Note 1
UUPON Inc.	5,400	7,199	-	-	5,400	1,096	(6,103)	-	-	-	-	Notes 1 and 8
Taiwan International Ports Logistics Corporation	8,000	50,979	-	-	-	-	4,946	8,000	27	55,925	55,925	Note 1
Chunghwa PChome Fund I Co., Ltd.	20,000	194,081	-	-	-	-	(1,225)	20,000	50	192,856	192,856	Note 1
Cornerstone Ventures Co., Ltd.	490	5,507	-	-	-	-	551	490	49	6,058	6,058	Note 1
Next Commercial Bank Co., Ltd.	419,000	4,074,168	-	-	-	-	(297,292)	419,000	42	3,776,876	3,820,497	Note 1
		5,859,161		-		471,663	(17,650)			5,369,848		
Joint Ventures												
Non-listed stocks												
Chunghwa SEA Holdings	-	-	1,020	10,200	-	-	-	1,020	51	10,200	10,200	Notes 1 and 5
		$ 20,320,122		$ 571,410		$ 1,495,775	$ 942,455			$ 20,338,212		

Note 1: The amounts of net asset value were based on audited financial statements.

Note 2: Fair value was based on the closing price at the end of 2020.

Note 3: Decrease in investment was cash dividends received.

Note 4: Additions in shares of investment was stock dividends received.

Note 5: Additions in investment was the investment in establishing a new company.

Note 6: Decrease in investment was the transfer from an associate to a subsidiary.

Note 7: Additions in investment was the fair value of equity held before the acquisition of IISI, plus the cash consideration $233,923 thousand paid for the acquisition.

Note 8: Decrease in investment was the reclassification from an associate to financial assets at fair value through other comprehensive income.

STATEMENT 7

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF RIGHT-OF-USE ASSETS
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

	Land and Buildings (Handsets Base Stations)	Land and Buildings (Others)	Equipment	Total
Cost				
Balance on January 1, 2020	$ 9,538,566	$ 1,260,026	$ 2,989,525	$ 13,788,117
Additions	3,157,109	303,572	7,983	3,468,664
Decreases	(303,190)	(72,199)	(4,283)	(379,672)
Balance on December 31, 2020	$ 12,392,485	$ 1,491,399	$ 2,993,225	$ 16,877,109
Accumulated depreciation and impairment				
Balance on January 1, 2020	$ 2,690,525	$ 402,474	$ 403,093	$ 3,496,092
Depreciation expenses	2,730,579	388,528	403,138	3,522,245
Decreases	(127,434)	(38,453)	(3,568)	(169,455)
Balance on December 31, 2020	$ 5,293,670	$ 752,549	$ 802,663	$ 6,848,882
Balance on January 1, 2020, net	$ 6,848,041	$ 857,552	$ 2,586,432	$ 10,292,025
Balance on December 31, 2020, net	$ 7,098,815	$ 738,850	$ 2,190,562	$ 10,028,227

STATEMENT 8

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF SHORT-TERM BILLS PAYABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Underwriting Agency	Period	Rate (%)	Issuance Amount	Unamortized Amount	Carrying Value
Commercial paper payable	Yuanta Commercial Bank Co., Ltd.	2020.08.05-2021.01.12	0.35-0.36	$ 1,425,000	$ 165	$ 1,424,835
	Cathay United Bank	2020.08.05-2021.01.12	0.35-0.36	1,425,000	166	1,424,834
	Mega Bills Finance Co., Ltd.	2020.08.05-2021.01.12	0.34-0.35	1,100,000	126	1,099,874
	Grand Bills Finance Corporation	2020.08.05-2021.01.12	0.34-0.35	1,050,000	121	1,049,879
	CTBC Bank Co., Ltd.	2020.08.05-2021.01.12	0.34	1,000,000	111	999,889
	China Bills Finance Corporation	2020.08.05-2021.01.12	0.34-0.35	1,000,000	113	999,887
				$ 7,000,000	$ 802	$ 6,999,198

STATEMENT 9

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF TRADE NOTES AND ACCOUNTS PAYABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Payable of spare parts for equipment	$ 2,308,164
Payable of products	1,363,998
Other (Note)	8,554,773
	$ 12,226,935

Note: The amount of each item in others does not exceed 5% of the account balance.

STATEMENT 10

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Bond Name	Trustee	Issuance Period	Repayment of the Principal and Interest Payment Date	Coupon Rate (%)	Total Amount	Repayments Made	Balance at December 31, 2020	Costs of Issuance	Carrying Value	Guarantee
Unsecured domestic bonds	Bank of Taiwan	2020.07-2025.07	Interest payable in July annually and one-time repayment upon maturity	0.50	$ 8,800,000	$ -	$ 8,800,000	$ (8,521)	$ 8,791,479	None
	Bank of Taiwan	2020.07-2027.07	Interest payable in July annually and one-time repayment upon maturity	0.54	7,500,000	-	7,500,000	(7,455)	7,492,545	None
	Bank of Taiwan	2020.07-2030.07	Interest payable in July annually and one-time repayment upon maturity	0.59	3,700,000	-	3,700,000	(3,752)	3,696,248	None
					$ 20,000,000	$ -	$ 20,000,000	$ (19,728)	$ 19,980,272	

STATEMENT 11

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Period	Discount Rate (%)	Amount
Land and buildings			
Handsets base stations	1-20 years	0.46-1.18	$ 6,793,253
Others	1-30 years	0.46-1.12	802,547
Equipment	1-15 years	0.46-0.82	1,024,847
			8,620,647
Less: Lease Liabilities-current			(2,938,305)
Lease Liabilities-noncurrent			$ 5,682,342

STATEMENT 12

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Depreciation	$ 28,694,921
Cost of products	14,195,109
Salaries	10,961,990
Amortization	10,578,714
Repair, maintenance and warranty expenses	6,099,791
Compensation	5,885,908
Other (Note)	40,789,811
	$ 117,206,244

Note: The amount of each item in others does not exceed 5% of the account balance.

STATEMENT 13

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Marketing	General and Administrative	Research and Development	Expected Credit Loss	Total
Salaries	$ 5,702,880	$ 1,300,941	$ 1,400,511	$ -	$ 8,404,332
Compensation	3,104,800	649,068	757,642	-	4,511,510
Professional service fee	1,894,421	177,821	203,581	-	2,275,823
Depreciation	643,379	341,354	172,985	-	1,157,718
Welfare fee	996,969	211,674	229,426	-	1,438,069
Marketing and promotion expenses	797,113	-	-	-	797,113
Expected credit loss	-	-	-	45,689	45,689
Other (Note)	3,456,534	1,039,334	365,091	-	4,860,959
	$ 16,596,096	$ 3,720,192	$ 3,129,236	$ 45,689	$ 23,491,213

Note: The amount of each item in others does not exceed 5% of the account balance.

STATEMENT 14

CHUNGHWA TELECOM CO., LTD.

STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2020 and 2019
(In Thousands of New Taiwan Dollars)

	Year Ended December 31, 2020			Year Ended December 31, 2019		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expenses						
Salaries	$ 10,961,990	$ 8,404,332	$ 19,366,322	$ 11,218,855	$ 8,669,102	$ 19,887,957
Insurance	1,084,119	875,369	1,959,488	1,161,980	869,502	2,031,482
Pension	1,362,646	973,804	2,336,450	1,861,185	1,299,078	3,160,263
Remuneration to directors	-	41,045	41,045	-	40,565	40,565
Others	6,789,180	5,140,658	11,929,838	6,950,603	5,256,004	12,206,607
	$ 20,197,935	$ 15,435,208	$ 35,633,143	$ 21,192,623	$ 16,134,251	$ 37,326,874
Depreciation	$ 28,694,921	$ 1,157,718	$ 29,852,639	$ 28,630,553	$ 1,222,266	$ 29,852,819
Amortization	$ 10,578,714	$ 152,061	$ 10,730,775	$ 10,281,841	$ 156,705	$ 10,438,546

Note 1: The average numbers of the Company's employees were 21,050 and 21,661, including 10 non-employee directors in 2020 and 2019, respectively.

Note 2: The average employee benefits expense were $1,692 thousand and $1,721 thousand for the years ended December 31, 2020 and 2019, respectively. (Which refers to [total employee benefits-total directors' remuneration] divided by [number of employees-number of non-employee directors].)

Note 3: The average salary expenses were $920 thousand and $918 thousand for the years ended December 31, 2020 and 2019, respectively. (Which refers to [salary expenses] divided by [number of employees-number of non-employee directors]). The adjustment on the average salary expenses in 2020 is approximately -0.2%.

Note 4: The Company does not have supervisors; therefore, there is no remuneration to supervisors.

Note 5: The remuneration policies for directors, management personnel, and employees were as follows:

a. General directors and independent directors:
   (i) Fixed remuneration is based on monthly basis resolved by the Board of Directors.
   (ii) Floating remuneration is based on distribution stated in the Company's Articles of Incorporation. Please refer to Note 28(7) for details. Independent directors are excluded from the aforementioned distribution.
b. The remuneration to management personnel is based on the executive performance management and guidelines which are linked to the Company's performance, business unit performance and personal performance. In addition, the result of corporate social responsibilities is a reference item taking into consideration for the floating remuneration.
c. Compensation to employees is based on the Company's salary guidance.
d. The remuneration to directors and management personnel are evaluated regularly and determined by the compensation committee of the Company.

Note 6: The Company's salary expenses refer to recurring grants such as base salary, job premiums, and overtime pay, etc.

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中華電信
Chunghwa Telecom

永遠走在最前面
Always Ahead

中華電信股份有限公司

董事長 謝 繼 茂

總經理 郭 水 義

This English-version annual report is a summary translation of the Chinese version.
If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.